

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

August 13, 2004

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Form 6-K

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

For the month of August 2004

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## Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

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

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

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

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

Yes  No

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**a. Scope of Business**

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

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

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

**b. Scope of Business of Subsidiaries**

(1) **Woori Bank**

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Banking business activities

Ancillary business activities

2. Supplementary Businesses

Trust business activities

Credit card business activities

Other authorized business activities

(2) **Kyongnam Bank**

1. Primary Businesses

Banking business activities

Ancillary business activities

2. Supplementary Businesses

Trust business activities

Credit card business activities

Other authorized business activities

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1. Primary Businesses

Banking business activities

Ancillary business activities

2. Supplementary Businesses

Trust business activities

Credit card business activities

Other authorized business activities

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- 6) All businesses or activities directly or indirectly related to businesses 1 to 5 mentioned above

**(6) Woori Finance Information System**

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

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

(7) **Woori F&I**

- 1) Undertaking and disposition of ABS, issued primarily to securitize distressed assets through asset securitization, under the Asset Securitization Law
- 2) Undertaking and disposition of asset management companies that were initially set up to manage distressed assets, under the Asset securitization Law
- 3) All businesses or activities directly or indirectly related to the businesses listed above

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

- 1) Transfer, management and disposition of all rights related to securities and other assets (hereinafter securitized assets ) of Woori Bank (formerly known as Hanvit Bank) and Kwangju Bank under the Asset Securitization Law
- 2) Issue and redemption of securitized assets
- 3) Preparing and registering of the asset securitization plan to the Financial Supervisory Service

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- 6) Investment of surplus funds
- 7) Other businesses and activities related to the businesses listed above

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

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

**Table of Contents****2. History of the Company****a. Company History****(1) Background to establishment and major changes**

December 23, 2000	Establishment of Financial Holding Company Act
December 30, 2000	KDIC invested public funds of 8.5 trillion won in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank
March 14, 2001	Filed for establishment approval of Woori Finance Holdings
March 24, 2001	Official approval from the Financial Supervising Service for Woori Finance Holdings
March 27, 2001	Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: 3.6 trillion won)
April 2, 2001	Official launch of Woori Finance Holdings
July 16, 2001	Issued bond with warrants
September 29, 2001	Woori Finance Information System incorporated as a subsidiary
December 3, 2001	Woori Asset Management incorporated as a subsidiary
December 3, 2001	Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary
December 26, 2001	Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary
December 31, 2001	Spin-off and merger of Peace Bank; Launch of Woori Credit Card
March 15, 2002	Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary
March 29, 2002	Woori Investment Trust Management incorporated as subsidiary
June 11, 2002	Capital increase through public offering (Total capital: 3.8 trillion won)
June 24, 2002	Listed on the Korea Stock Exchange
July 29, 2002	Woori Securities as incorporated as subsidiary
September 5, 2002	Consummated strategic investment agreement with Lehman Brothers with respect to managing distressed assets
December 23, 2002	Purchase and Acquisition contract with credit card division of Kwangju Bank
December 31, 2002	IT outsourcing contract with Kwangju Bank and Kyongnam Bank
March 10, 2003	Integrated IT platform with Kyongnam Bank
August 1, 2003	Woori Merchant Bank merged into Woori Bank
August 15, 2003	Integration of Kwangju Bank IT platform
September 3, 2003	Launching of bancassurance business
September 29, 2003	Listing on New York Stock Exchange
December 11, 2003	Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd.
December 12, 2003	Announcement of merger between Woori Card and Woori Bank
March 30, 2004	Appointment of new management
June 18, 2004	Woori Securities becomes a wholly owned subsidiary

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

December 23, 2000	Establishment of Financial Holding Company Act
December 30, 2000	KDIC invested public funds of 8.5 trillion won in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank
March 14, 2001	Filed for establishment approval of Woori Finance Holdings
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(2) Related companies within Business Group

Type	Name of Company	Controlling Company	Notes
Holding Company	Woori Finance Holdings (*1)	KDIC	
1st Tier Subsidiaries	Woori Bank Kyongnam Bank Kwangju Bank Woori Finance Information System Woori F & I Woori Second Asset Securitization Specialty Woori Third Asset Securitization Specialty Woori Investment Trust Management, Co. Woori Securities (*2)	Woori Finance Holdings	9 companies
2nd Tier Subsidiaries	Woori Credit Information Woori America Bank P.T. Bank Woori Indonesia Shinwoo Corporate Restructuring Company Nexbi Tech	Woori Bank	6 companies
	Woori CA Asset Management	Card Woori F&I	

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

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

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

(units: won)

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

1) Applied share price when deriving the exchange ratio

**b. Expected Changes in Capital**

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

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

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

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

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

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

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

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

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

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

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

**c. Convertible Bonds**

(units: won, USD, shares)

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

\* Units in won, because dart system does not convert into USD.  
Series 6-1, 6-2, 6-3, 6-5 issuances are in dollars, while series 6-4 is in won  
Conversion value is stated in won; the currency rate used in series 6-1 was 1,210 won/\$, 6-2 was 1,215.80 won/\$, 6-3 was 1,194.90 won/\$ and 6-5 was 1,188.50 won/\$, respectively.

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

[as of 2004.6.30]

<u>Total Number of shares authorized</u>	<u>Total Number of Issued Stock</u>	<u>Total Number of Unissued Stock</u>
2,400,000,000	784,076,172	1,615,923,828

**b. Information of Issued Shares**

[as of 2004.6.30]

[Par Value : 5,000 won]

(units: 1,000 won, shares)

<u>Type</u>	<u>Number of Stock Issued</u>	<u>Face Value</u>	<u>Notes</u>
Registered Common Stock	784,076,172	3,920,380,860	
Total	784,076,172	3,920,380,860	

**Table of Contents****c. Stock Options**

[as of 2004.6.30]

(units: won, shares)

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

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		Park				2005.12.4 ~2008.12.3
2002.12.04	Director of related company <sup>®</sup>	Jong Ku	Common	30	30	2005.12.4 ~2008.12.3
		Min				
2002.12.04	Director of related company	Jong Hwee	Common	30	30	2005.12.4 ~2008.12.3
		Lee				
2002.12.04	Director of related company <sup>®</sup>	Dong Myun	Common	30	30	2005.12.4 ~2008.12.3
		Suh				
2002.12.04	Director of related company <sup>®</sup>	Ki Shin	Common	30	30	2005.12.4 ~2008.12.3
		Kim				
2002.12.04	Director of related company <sup>®</sup>	Young Seok	Common	30	30	2005.12.4 ~2008.12.3
		Kim				
2002.12.04	Director of related company <sup>®</sup>	Byung Kil	Common	30	30	2005.12.4 ~2008.12.3
		Choi				
2002.12.04	Director of related company <sup>®</sup>	Young Ho	Common	30	30	2005.12.4 ~2008.12.3
		Park				

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



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						2005.12.4 ~2008.12.3
2002.12.04	Director of related company	Young Soo Kim	Common	30	30	2005.12.4 ~2008.12.3
2002.12.04	Director of related company	Jin Ho Yoon	Common	20	20	2005.12.4 ~2008.12.3
2002.12.04	Director of related company®	Seok Koo Yoon	Common	15	15	2005.12.4 ~2008.12.3

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

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

**d. Status of Employee Stock Option Program**

[as of 2004.6.30]

(units: won, shares)

<u>Type of stock</u>	<u>Initial</u>			<u>Ending</u>		<u>Notes</u>
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>		
Common stock	3,187,103		756,400	2,430,703		
Total	3,187,103		756,400	2,430,703		

**5. Voting Rights**

[as of 2004.6.30]

(units: shares)

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

3. Stocks with voting rights restored  
Stocks with Voting Rights (1-2+3)

784,073,630

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

(Par value : 5,000 won)

				(units: won)			
<u>Items</u>				<u>2003</u>	<u>2002</u>	<u>2001</u>	
Net profit				202,565,030,433	589,214,226,635	684,102,036,323	
Earnings per share (won)				262	786	940	
Profit available for							
Dividend distribution				1,203,688,237,170	1,086,596,253,235	558,501,102,453	
Propensity to Dividend				38.28	9.72		
DIVIDENDS	CASH PAYOUT	a. Dividend per Share	Majority Common Preferred	100	50		
			Minority Common Preferred	100	250		
		b. Total Dividend Amount	Majority Common	67,345,860,900	33,672,930,450		
			Minority Common Preferred	10,204,630,100	23,586,047,000		
		c. Dividend Ratio	Majority Common Preferred	1.54	1.04		
			Minority Common Preferred	1.54	5.22		
	STOCK	a. Stock Dividend Ratio	Majority Common Preferred				
			Minority Common Preferred				
		b. Stock Dividend per Share	Majority Common Preferred				
			Minority Common Preferred				
	Net Asset per Share				7,218	6,596	5,605
	Ordinary Income per Share				262	786	943

**Table of Contents****II. Description of Business****1. Business Overview****a. Current Trend of Industry**

Increased competition in the banking sector

Restructuring of the 2nd tier financial industry

Convergence of products/services in the financial industry

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

**b. Company Status****(1) General Overview****(a) Group Description**

Woori Finance Holdings Co., Ltd. (the Company) was established on March 27, 2001. The Company was engaged in the business of managing the five financial institutions (Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea) and Woori Investment Bank (hereinafter the five subsidiaries)), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the KDIC) in accordance with the provisions of the Financial Holding Company Act. In connection with its functional restructuring, the Company established or acquired seven more subsidiaries and has four second-tier subsidiaries. Upon establishment, the Company's common stock amounted to (Won) 3,637,293 million (\$3,030,067 thousand), consisting of 727,459,000 common shares ((Won) 5,000 per share) issued and outstanding. However as a result of several capital increases since establishment, the Company's common stock amounted to (Won) 3,877,525 million (\$3,237,205 thousand), consisting of 775,504,797 common shares issued and outstanding as of December 31, 2003. On June 24, 2002, the Company listed its common shares on the Korea Stock Exchange through a public offering at a price of (Won) 6,800 per share, which included 36 million new shares and 54 million issued shares. As of June 16, 2003, a total of 12,046,301 shares were issued in relation to the conversion of bonds with warrants, or B/Ws. The KDIC owned 673,458,609 (86.8%) shares of the Company's common shares as of December 31, 2003.

Woori Bank (formerly Hanvit Bank) was established in 1899 and is engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the Bank of Korea (BOK) and the Ministry of Finance and Economy (MOFE). In connection with the infusion of public funds, Woori Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. Woori Bank changed its name from Hanvit Bank to Woori Bank on May 20, 2002. Its common stock amounted to (Won) 2,852,838 million (\$2,381,732 thousand) consisting of 571 million common shares issued and outstanding as of December 31, 2003. Woori Bank is wholly owned by the Company. The head office of Woori Bank is located in Seoul, Korea. Woori Bank has 700 branches and offices in Korea, and 11 branches overseas.

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Kyongnam Bank was incorporated on April 18, 1970 and is engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the

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BOK and the MOFE. In connection with the infusion of public funds, Kyongnam Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2003, Kyongnam Bank's common stock amounted to (Won) 259,000 million (\$216,230 thousand) consisting of 51 million shares issued and outstanding. The Company owns 99.99% of Kyongnam Bank. The head office of Kyongnam Bank is located in Masan, Korea. Kyongnam Bank has 130 branches and offices in Korea.

Kwangju Bank was established on September 17, 1968 and is engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOFE. In connection with the infusion of public funds, Kwangju Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2003, Kwangju Bank's common stock amounted to (Won) 170,403 million (\$142,263 thousand) consisting of 34 million shares issued and outstanding. The Company owns 99.99% of Kwangju Bank. The head office of Kwangju Bank is located in Kwangju City, Korea. Kwangju Bank has 115 domestic branches and offices in Korea.

Woori Securities Co., Ltd. ( Woori Securities , formerly Hanvit Securities Co., Ltd.) was established on August 26, 1954 to engage mainly in trading, agency, brokerage and underwriting of securities, and listed its shares on the Korea Stock Exchange on July 26, 1988. In connection with its functional restructuring, as of July 29, 2002, the Company acquired 40.2% interest (13,250,570 shares of common stock) of Woori Securities from Woori Bank, making Woori Securities a subsidiary of the Company. On June 1, 2002, Woori Securities changed its name from Hanvit Securities Co., Ltd. to Woori Securities Co., Ltd. As of December 31, 2003, its common stock amounted to (Won)164,782 million (US\$137,571 thousand) consisting of 32,956,413 shares issued and outstanding of which the Company owns 52.7%. The head office of Woori Securities is located in Seoul, Korea. Woori Securities has 70 branches and offices in Korea.

Woori Investment Trust Management Co., Ltd. ( WITM , formerly Hanvit Investment Trust Management Co., Ltd.) was established on June 24, 1988 and is engaged in the investment trust business under the Investment Trust Business Law with approval from the MOFE. In connection with its functional restructuring, on March 29, 2002, the Company purchased the entire common stock of WITM from Woori Bank, making WITM a subsidiary of the Company. On May 17, 2002, WITM changed its name from Hanvit Investment Trust Management Co., Ltd. to Woori Investment Trust Management Co., Ltd. As of December 31, 2003, its common stock amounted to (Won) 30,000 million (US\$25,046 thousand) consisting of 6,000,000 shares issued and outstanding all of which are owned by the Company. The office of WITM is located in Seoul, Korea.

Woori Finance Information System Co., Ltd. ( WFIS , formerly Hanviteun System) was established on April 17, 1989 and is engaged in the business of installing computerized financial systems. On September 29, 2001, the Company purchased all the common stock of WFIS from Woori Bank, which was part of the group's functional restructuring and therefore, WFIS was incorporated as a subsidiary of the Company. On October 15, 2001, WFIS changed its name from Hanviteun System Co., Ltd. to Woori Finance Information System Co., Ltd. As of December 31, 2003, its common stock amounted to (Won) 4,500 million (\$3,749 thousand) consisting of 900,000 shares issued and outstanding. WFIS is wholly owned by the Company. The office of WFIS is located in Seoul, Korea.

Woori F&I Co., Ltd. ( WF&I , formerly Woori Asset Management Co., Ltd. ( WAMC )) was established on November 16, 2001 to engage in the business of management, operation and disposition of securitization assets. On September 13, 2002, WF&I, formerly WAMC, spun off the asset management business segment and established Woori CA Asset Management Co., Ltd. ( WCAAMC ). As a result, WF&I is engaged in the business of acquisition and disposition of securities issued by asset securitization specialty corporations, established based on the Act on Asset-Backed Securitization for the purpose of non-performing assets securitization, and in the business of acquisition and disposition of equity of asset management corporations, which are established for the purpose of non-performing assets management. On September 16, 2002, WF&I changed its name from Woori Asset Management Co., Ltd. to Woori F&I Co., Ltd. As of December 31, 2003, its common stock amounted to (Won) 10,000 million (\$8,349 thousand) consisting of 2,000,000 shares issued and outstanding. WF&I is wholly owned by the Company. The office of WF&I is located in Seoul, Korea.





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

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

(units: hundreds of millions of won)

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

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**(3) Organization Chart**

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

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

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

(units: millions of won)

<u>Items</u>	<u>2004 1H</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Shareholders Equity	6,176,684	5,597,895	5,064,129	4,077,347
Capital	3,920,381	3,877,525	3,839,074	3,637,293
Capital Surplus	75,451	61,324	58,645	
Retained Earnings	1,249,128	1,282,866	1,145,518	558,501
Capital Adjustments	931,724	376,180	20,892	-118,447
Borrowings	2,780,090	2,649,920	2,325,021	1,616,466
Debtentures	2,517,145	2,621,182	1,999,250	1,298,304
Bank Borrowings	220,00		300,000	310,000
Commercial Paper				
Other Borrowings				
Other Liabilities	42,945	28,738	25,771	8,162
<b>Total</b>	<b>8,956,773</b>	<b>8,247,815</b>	<b>7,389,150</b>	<b>5,693,813</b>

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

(units: millions of won)

<u>Items</u>	<u>2004 1H</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Subsidiary Stock	8,255,178	7,007,222	6,062,119	5,016,864
Woori Bank	6,910,725	5,869,558	4,500,143	3,255,964
Kyongnam Bank	568,848	504,629	424,060	327,005
Kwangju Bank	419,119	364,955	290,003	213,177
Woori Credit Card	Note 1)		379,126	1,008,866
Woori Merchant Bank			222,936	195,613
Woori Financial Information System	7,816	7,284	3,364	6,511
Woori F&I	42,806	35,896	17,016	9,728
Woori 2nd Asset Securitization Specialty	20,316	20,016	31,666	
Woori 3rd Asset Securitization Specialty	32,448	1,266		
Woori Investment Trust Management	32,683	34,978	39,646	
Woori Securities	220,417	168,639	154,159	
Loan Obligations	231,726	830,566	1,231,207	648,365
Tangible Assets	299	242	324	627
Intangible Assets	53	51	50	24
Cash	453,595	349,585	73,256	13,825
Other Assets	15,923	60,148	22,195	14,108
<b>Total</b>	<b>8,956,773</b>	<b>8,247,815</b>	<b>7,389,151</b>	<b>5,693,813</b>

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

**c. Transactions related to Commission Fees**

(units: millions of won)

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

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

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

**a. Won-denominated Current Ratio**

(units: millions of won)

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

**\* Current ratio of won**

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

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

(units: millions of won)

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

**\* Current ratio of foreign currency**

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

**c. Debt Ratio**

(units: millions of won)

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

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

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

**e. Other Important Information**

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

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

(units: millions of won)

<u>Items</u>	<u>2004 1H</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Cash and Due from Banks	453,595	349,585	73,256	13,825
Securities	8,255,178	7,007,222	6,062,119	5,016,864
Loans	231,726	830,566	1,231,207	648,365
Fixed Assets	351	293	374	651
Other Assets	15,923	60,148	18,361	14,108
<b>Total Assets</b>	<b>8,956,773</b>	<b>8,247,815</b>	<b>7,389,151</b>	<b>5,693,813</b>
Borrowings	220,000		300,000	310,000
Debtentures	2,517,145	2,621,182	1,999,250	1,298,304
Other Liabilities	42,945	28,738	25,772	8,162
<b>Total Liabilities</b>	<b>2,780,090</b>	<b>2,649,920</b>	<b>2,325,022</b>	<b>1,616,466</b>
Common Stock	3,920,381	3,877,525	3,839,074	3,637,293
Capital Surplus	75,451	61,324	58,645	
Retained Earnings	1,249,128	1,282,866	1,145,518	588,501
Capital Adjustment	931,723	376,180	20,892	Δ 118,447
<b>Total Stockholder s Equity</b>	<b>6,176,683</b>	<b>5,597,895</b>	<b>5,064,129</b>	<b>4,077,347</b>
Operating Income	281,151	396,624	878,488	717,112
Operating Expenses	100,817	193,527	302,721	31,222
Operating Profit	180,334	203,097	575,767	685,890
Ordinary Income	180,475	202,565	589,214	685,885
Net profit	180,475	202,565	589,214	684,102

[Δ stands for negative numbers]

\* Refer to Exhibits to see detailed financial statements



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

(units: millions of won)

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

[Δ stands for negative numbers]

**Table of Contents****3. Accounting Information****a. Loan Loss Reserves****(1) Loan Loss Reserves for past 3 years by classification**

(units: millions of won)

<u>Period</u>	<u>Item</u>	<u>Total Credits</u>	<u>Loan Loss Reserves</u>	<u>Provisioning Ratio</u>
2004 1H	Lendings	155,000	775	0.5%
	Loans	77,890	389	0.5%
	<b>Total</b>	<b>232,890</b>	<b>1,164</b>	<b>0.5%</b>
2003	Lendings	156,850	784	0.5%
	Loans	677,890	3,390	0.5%
	<b>Total</b>	<b>834,740</b>	<b>4,174</b>	<b>0.5%</b>
2002	Lendings	214,600	1,073	0.5%
	Loans	1,167,822	146,308	0.5%
	<b>Total</b>	<b>1,382,422</b>	<b>147,381</b>	<b>0.5%</b>

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

(units: millions of won)

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

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

2004 1H	2003 Dec. 31	2002 Dec. 31	2001 Dec. 31
Deloitte & Touche	Deloitte & Touche	Deloitte Touche	Arthur Andersen

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

(units: millions of won)

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

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

(units: thousands of dollars)

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

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**V. Corporate Governance and Affiliated Companies**

**1. Overview of Corporate Governance**

**a. About the Board of Directors**

**(1) Board of Directors**

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

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

**(A) Duties of Boards of Directors**

The Board of Directors shall consist of directors and shall determine the matters which are provided for as the authority of the Board of Directors under the relevant laws and regulations

The Board of Directors shall perform its duties set forth in the Rules for the Board of Directors for the purpose of enhancement of shareholders' benefits

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## (B) Information Regarding the Board of Directors

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

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

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(C) Appointment of Non-standing Directors

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

Article 42 (Committee)

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

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

(D) Committees within Board of Directors

[as of 2004.6.30]

1) BOD Management Committee

Name	Position	Notes
Young-Key Hwang	Chairman and CEO	Chairman/CEO Young-Key Hwang heads the committee consisting of the heads of sub-committees. Non-standing directors must the majority.
Suk-Jean Kang	Non-standing Director	
Sung-Tae Ro	Non-standing Director	
Do-Soung Choi	Non-standing Director	
Chung-Sook Moon	Non-standing Director	



2) Business Strategy and Compensation Committee

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

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## 3) Risk Management Committee

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

## 4) Executive Committee

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

## 5) Ethics Committee

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

## 6) Non-standing Director Nomination Committee

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

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## 7) Audit Committee

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

## 8) MOU Review Committee

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

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

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

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

Name : Woori Bank Co., Ltd.

Company number : 00254045

(units: millions of won)

Items	Period 171	Period 170	Period 169	Period 168
	1H			
	(2004.6.30)	(2003.12.31)	(2002.12.31)	(2001.12.31)
Cash and Due from Banks	4,890,403	4,833,325	4,098,110	3,911,225
securities	18,955,815	18,814,715	18,743,719	18,369,740
Loans	75,035,278	71,198,169	58,967,737	48,177,595
Fixed Assets	1,724,143	1,718,556	1,762,660	1,843,368
Other Assets	7,444,666	6,744,945	3,905,144	4,355,840
Total Assets	108,050,305	103,309,710	87,477,370	76,657,768
Deposits	72,713,686	70,811,000	62,184,865	53,768,338
Borrowings	8,764,212	9,632,495	10,008,637	10,883,858
Debentures	10,620,376	7,780,156	5,941,886	3,084,569
Other Liabilities	9,315,767	9,429,310	5,199,018	5,992,471
Total Liabilities	101,414,041	97,652,961	83,334,406	73,729,236
Capital	3,179,783	2,852,838	2,764,400	2,764,400
Capital Surplus	463,002	654,708	516,026	31,903
Retained Earnings	2,149,261	1,798,918	845,686	203,690
Capital Adjustments	844,218	350,285	16,852	-71,461
Total Shareholder s Equity	6,636,264	5,656,749	4,142,964	2,928,532
Operating Revenue	4,890,438	7,621,300	6,607,882	6,848,493
Operating income	636,155	1,279,828	602,949	283,194
Ordinary Income	696,737	1,429,662	595,988	610,679
Net profit	590,880	1,332,185	779,571	712,945

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Name of Company : Kyongnam Bank

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

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Name of Company : Kwangju Bank

	(units: millions of won)			
	Period 46	Period 45	Period 44	Period 43
	(2004.6.30)	(2003.12.31)	(2002.12.31)	(2001.12.31)
Company Number : 00104078				
Cash and Due from Banks	265,491	390,078	386,827	299,088
Securities	2,659,458	2,564,942	2,111,943	2,202,522
Loans	5,643,618	5,336,775	4,896,333	3,964,489
Fixed Assets	223,971	223,669	224,952	229,929
Others	221,043	262,118	426,879	424,910
Total Assets	9,013,580	8,777,582	8,046,934	7,120,938
Deposits	6,590,300	6,737,967	6,077,260	5,250,418
Borrowings	1,509,737	1,165,133	967,696	946,702
Debentures	200,000	200,556	200,485	297,723
Other Liabilities	310,584	325,974	532,307	434,702
Total Liabilities	8,610,621	8,429,330	7,777,749	6,929,545
Capital	170,403	170,403	170,403	170,403
Capital Surplus	24,173	24,173		
Retained Earnings	204,705	155,237	898,185	26,813
Capital Adjustments	3,679	-1,561	598	-5,822
Total Shareholder's Equity	402,959	348,252	269,185	191,393
Operating Revenue	288,887	581,314	578,844	532,712
Operating income	46,460	40,735	85,962	71,290
Ordinary Income	59,387	32,542	74,839	66,346
Net profit	58,027	57,052	74,839	66,346

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Name of Company : Woori Securities

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



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Company : Woori Investment Management

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

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Name of Company : Woori Finance Information System

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

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Company Name : Woori F&amp;I

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

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Company Name : Woori Second Asset Securitization Specialty

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

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Company Name : Woori Third Asset Securitization Specialty

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

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

(units: thousand shares, millions of won)

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

\* Dividends derived on a fiscal basis

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

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

[as of 2003.12.31]

(units: shares, %)

Name	Relation	Type	Shares Held				Reasons Behind Change		
			Beginning balance		(+)	(-)		Ending balance	
			Stock	Share				Stock	Share
KDIC	Major S/H	Common	673,458,609	86.8			673,458,609	85.9	
		Common	673,458,609	86.8			673,458,609	85.9	
Total		Preferred					0	0	
		Total	673,458,609	86.8			673,458,609	85.9	

Major Shareholder : KDIC

**b. Share Ownership of more than 5%**

[as of 2003.12.31]

(units: shares, %)

No.	Name	Common Stock		Preferred Stock		Total	
		No. of shares	%	No. of shares	%	No. of shares	%
1	KDIC	673,458,609	85.9			673,458,609	85.9
Total		673,458,609	85.9			673,458,609	85.9

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

[as of 2003.12.31]

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

**d. Total Minority Shareholders, Major Shareholders and Other Shareholders**

(as of 2003.12.31)

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



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

(units: won, shares)

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

**b. Foreign Stock Market**

[name of market : NYSE]

(units: dollars, shares)

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

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

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

	<u>Position</u>	<u>Name</u>	<u>Common Stocks Owned</u>
Chairman	Registered	Young-Key Hwang	
Vice Chairman	Registered	Jong-Wook Kim	
Managing Director	Registered	Seung Hee Park	
Managing Director	Registered	Jin-hyung Chu	
Non-standing Director	Registered	Suk-Jean Kang	
Non-standing Director	Registered	Je-Hoon Lee	
Non-standing Director	Registered	Sung-Tae Ro	
Non-standing Director	Registered	Oh-Seok Hyun	
Non-standing Director	Registered	Do-Soung Choi	
Non-standing Director	Registered	Sung-Hwan Bae	
Non-standing Director	Registered	Chung-Sook Moon	

**2. Employee Status**

(units: years, thousands of won)

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

\* Based on compensation from Jan. to Sept.

**3. Labor Union Membership**

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

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

(units: millions of won)

Transactions of provisional payments & loans											
T Y P e	Name	Relation	Item	Date	Conditions		Changes				
					Maturity Date	Interest Rate		Change			
						Loan	Borrow	Beg.	+	-	End.
	Woori 2nd SPC	subsidiary	Other loan	2002.1.8	2012.1.8	7.5%		100			100
	Woori 3rd SPC	subsidiary	Other loan	2002.4.15	2012.4.15	7.8%		27,790			27,790
	Woori Bank	subsidiary	Other loan	2002.9~ 2002.11	10 yr	4.0%		600,000		600,000-	
	Kwangju Bank	subsidiary	Other loan	2002. 12.31	10 yr	4.5%		50,000			50,000
	Woori Finance Info. Sys	subsidiary	Other loan	2002.4~ 2002.10	4yr	7.3%		30,000			30,000
	Woori F&I					7.3%					
		subsidiary	Other loan	2002.9~ 2003.3	4yr	~ 7.6%		126,850		1,850	125,000
Foreign											
Total								834,740		601,850	232,890

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

(units: millions of won)

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

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

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

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

(units: millions of won)

Transactions of Payments

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

\* The above contract was extended on 2003.3.21

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

(units: won)

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

**2. Loans and Debentures Provided**

(units: won)

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

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

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

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

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Exhibit 99.2

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

NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS

ENDED JUNE 30, 2004 AND 2003

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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Audit • Tax • Consulting • Financial Advisory •



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**Independent Accountants Review Report**

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

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

We have reviewed the accompanying non-consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) as of June 30, 2004 and the related non-consolidated statements of income and cash flows for the three-month and six-month periods ended June 30, 2004 and 2003, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with the standards for review of interim financial statements in the Republic of Korea. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the non-consolidated interim financial statements as of and for the three-month and six-month periods ended June 30, 2004 and 2003 are not presented fairly, in all material respects, in accordance with the financial accounting standards in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2003 and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein) and in our report dated February 17, 2004, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying non-consolidated balance sheet as of December 31, 2003 comparatively presented does not differ, in material respects, from such audited non-consolidated balance sheet.

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

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

As explained in Notes 1 and 26 to the accompanying non-consolidated interim financial statements, Woori Bank, a subsidiary of the Company, merged with Woori Credit Card Co., Ltd. ( WCC ), a subsidiary of the Company, on March 31, 2004. Woori Bank took over substantially all of the assets and liabilities of WCC by exchanging one common share of WCC with 0.3581 share of Woori Bank and (Won) 330.3 billion (US\$ 286.6 million) of the difference between (Won) 657.2 billion (US\$ 570.2 million) of net assets acquired from WCC and (Won) 326.9 billion (US\$ 283.6 million) of consideration for the merger was recorded as capital surplus of Woori Bank. As a result, the number of issued common shares of Woori Bank increased from 570.6 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,475.3 million) to (Won) 3,179.8 billion (US\$ 2,759.0 million) as of June 30, 2004.

As explained in Notes 1 and 27 to the accompanying non-consolidated interim financial statements, on June 18, 2004 the Company issued 8.6 million new common shares and exchanged them for 15.6 million common shares of Woori Securities, a subsidiary of the Company, in order to wholly own the subsidiary. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,364.4 million) to (Won) 3,920.4 billion (US\$ 3,401.6 million) as of June 30, 2004.

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

July 26, 2004

Notice to Readers

This report is effective as of July 26, 2004, the accountants' review report date. Certain subsequent events or circumstances may have occurred between this review report date and the time the review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

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

(See Independent Accountants' Review Report)

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

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

See Accompanying notes to non-consolidated interim financial statements.

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

(See Independent Accountants' Review Report)

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

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

(continued)

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

(See Independent Accountants' Review Report)

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

See accompanying notes to non-consolidated financial statements.

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

(See Independent Accountants' Review Report)

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



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

(continued)

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

(See Independent Accountants' Review Report)

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

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

(continued)

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

(See Independent Accountants' Review Report)

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

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

See Accompanying notes to non-consolidated interim financial statement

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

**NOTES TO NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

(See Independent Accountants' Review Report)

**1. GENERAL**

(1) Woori Finance Holdings Co., Ltd.

Woori Finance Holdings Co., Ltd. (the "Company") was incorporated on March 27, 2001, to engage in the business of managing the following five financial institutions, Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the "KDIC") in accordance with the provisions of the Financial Holding Company Act. In accordance with its functional restructuring, the Company established or acquired seven more subsidiaries, and has four 2nd-tier subsidiaries. Upon incorporation, the Company's common stock amounted to (Won)3,637,293 million (US\$ 3,156,003 thousand), consisting of 727,458,609 common shares ((Won)5,000 per share) issued and outstanding. As a result of several capital increases and exercise of warrants since incorporation, the Company's common stock amounted to (Won)3,920,381 million (US\$ 3,401,632 thousand), consisting of 784,076,172 common shares issued and outstanding as of June 30, 2004.

On June 24, 2002, the Company listed its common shares on the Korea Stock Exchange through a public offering at a price of (Won)6,800 per share with 36,000,000 new shares and 54,000,000 issued shares. The KDIC owned 673,458,609 (85.9%) shares of the Company's common shares as of June 30, 2004.

The Company was registered with the Securities and Exchange Commission in the United States of America and listed its American Depositary Shares on the New York Stock Exchange on September 29, 2003.

(2) Subsidiaries

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

- a. Woori Bank, a subsidiary of the Company, merged with WCC, a subsidiary of the Company, on March 31, 2004. Woori Bank issued 0.3581 new common shares per one common share of WCC. Accordingly, the number of issued common shares of Woori Bank increased from 571 million to

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636 million and contributed capital of Woori Bank increased from (Won)2,852.8 billion (US\$2,475.3 million) to (Won)3,179.8 billion (US\$2,759.0 million).

- b. For the three-month period ended March 31, 2004, Woori Bank additionally acquired PT. Bank Woori Indonesia's 231 shares of common stock which are 13.6% ownership interest in of the 2nd-tier subsidiary of the Company.
- c. For the three-month period ended June 30, 2004, the Company additionally acquired Woori Securities Co., Ltd.'s 15,584,113 shares of common stock which are 47.3% ownership interest in of the subsidiary of the Company (Note 27).
- d. The summary of subsidiaries as of June 30, 2004 is as follows:

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

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

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

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

(\*2) On March 27, 2003 and September 30, 2003, the Company purchased 40,000,000 new shares of WCC for (Won)200,000 million (US\$ 173,536 thousand) and 128,000,000 new shares of WCC for (Won)640,000 million (US\$ 555,315 thousand). However, WCC curtailed 380,000,000 shares amounting to (Won)1,900,000 million (US\$ 1,648,590 thousand) in a capital reduction without compensation on December 22, 2003.

(\*3) The Company purchased 4,121,730 shares of Woori Securities for (Won)16,899 million (US\$ 14,663 thousand) on November 28, 2003.

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



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Financial Statement Presentation**

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

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

The US dollar amounts presented in these non-consolidated interim financial statements were computed by translating Korean won into US dollars at the rate of (Won)1,152.5 to US\$1.00 the Base Rate announced by Seoul Money Brokerage Service, Ltd. at June 30, 2004, solely for the convenience of the readers outside of the Republic of Korea. This convenience translation into US dollars should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The accounting policies, which have been adopted in preparing the accompanying non-consolidated interim financial statements, are not different materially from those used in preparing the non-consolidated financial statements for the year ended December 31, 2003.

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**3. INVESTMENT SECURITIES OF SUBSIDIARIES**

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

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

- (\*1) (Won)105,581 million (US\$ 91,610 thousand) of unrecorded loss on valuation of the equity securities in WCC in 2003, due to discontinuance of equity method of accounting was reflected in the other increase or decrease for the six months ended June 30, 2004. In addition, the investment securities of WCC were combined in those of Woori Bank since WCC was merged into Woori Bank on March 31, 2004.
- (2) The reconciliation between the acquisition costs and the book value as of December 31, 2003 is summarized as follows (Unit: Korean won in millions):

Acquisition cost	Gain (loss) on valuation using the equity method	Capital adjust- ments	Other increase (decrease)	Dec. 31, 2003
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Woori Bank	(Won) 2,764,400	(Won) 2,760,234	(Won) 800,161	(Won) (455,236)	(Won) 5,869,559
Kyongnam Bank	259,000	235,406	32,074	(21,852)	504,628
Kwangju Bank	170,403	195,597	9,508	(10,553)	364,955

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

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

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

	Business combinations between	Acquisition	Retained	Dividends	Total
	subsidiaries		earnings	received	
Woori Bank	(Won) 200,163	(Won)	(Won) (1,498)	(Won) (239,638)	(Won) (40,973)
Kyongnam Bank			(21)	(12,950)	(12,971)
Kwangju Bank			(40)	(8,520)	(8,560)
Woori Credit Card	(200,163)	800,000	(135,104)		464,733
Woori F&I				(1,500)	(1,500)
Woori Investment Trust Management				(2,400)	(2,400)
Woori Securities		56,999		(8,687)	48,312
	(Won)	(Won) 856,999	(Won) (136,663)	(Won) (273,695)	(Won) 446,641

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

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

- (\*1) Woori Bank recorded gain on disposition of the investment in WITM amounting to (Won)17,715 million (US\$ 15,371 thousand) and a loss on disposition of the investment in Woori Securities amounting to (Won)40,297 million (US\$ 34,965 thousand) which were recorded in capital surplus of Woori Bank in 2002. The Company recognized these amounts as increase and decrease, respectively, in acquisition cost of the investment in Woori Bank in 2002.
- (5) For investments in the subsidiaries accounted for using the equity method, the excess of the acquisition cost over the proportionate net asset value on the acquisition date is amortized using the straight-line method over 20 years while excess of the proportionate net asset value on the acquisition date over the acquisition cost is amortized over 5 years.

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

	January 1, 2004	Increase (decrease)	Amortization	June 30, 2004
Woori Bank	(Won) 264,026	(Won) 24,056	(Won) 8,122	(Won) 279,960
Kyongnam Bank	7,565		223	7,342
Kwangju Bank	16,442		484	15,958
Woori Credit Card	24,415	(24,056)	359	
Woori F&I	84		2	82
Woori Securities	(30,223)	(113,999)	(3,022)	(141,200)
	<u>(Won) 282,309</u>	<u>(Won) (113,999)</u>	<u>(Won) 6,168</u>	<u>(Won) 162,142</u>

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

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

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

Operating revenues	Operating expenses	Non-operating income	Non-operating expenses	Total
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Woori Bank	(Won) 1,069	(Won)	(Won) 1,170	(Won) (45)	(Won) 2,194
Kyongnam Bank				(10)	(10)
Kwangju Bank				(59)	(59)
Woori Credit Card				(172)	(172)
Woori Finance Information System	(127)				(127)
	(Won) 942	(Won)	(Won) 1,170	(Won) (286)	(Won) 1,826

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**4. LOANS**

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

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



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

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

- (\*1) Loans granted to finance the transaction among Woori Bank, WCC and WFIS, in which Woori Bank and WCC transferred their IT equipment to WFIS.
- (\*2) Loans granted to finance the acquisitions of the securitization debentures and the investment equity securities related to the joint venture special entities of WF&I.
- (\*3) The principal of the non-guaranteed privately placed bonds listed above shall be fully repaid on the maturity date, however, the trustees may exercise early redemption rights to pay in part or in whole the principal in accordance with the business trust contract pursuant to the asset securitization plan.
- (\*4) The coupon rate on the bonds is zero and the guaranteed return is 155.29%. The conversion price is (Won)5,000 and conversion rights are valid from one year after the issuance date to one month before the maturity date. The common shares of Kwangju Bank will be issued upon conversion.

**5. ALLOWANCE FOR POSSIBLE LOAN LOSSES**

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

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



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

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

**6. FIXED ASSETS**

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

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

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

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

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

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**7. OTHER ASSETS**

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

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

**8. BORROWINGS**

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

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

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

- (\*1) Interest at 3-month Negotiable Certificate of Deposit ( CD ) rate + 1.2%. Early redemption is permitted. The borrowing is made under the line of credit of (Won)200,000 million (US\$ 173,536 thousand) as of June 30, 2004.
- (\*2) Interest at 3-month CD rate +1.3%. Early redemption is permitted. The borrowing is made under the line of credit of (Won)100,000 million (US\$ 86,768 thousand) as of June 30, 2004.

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- (\*3) Interest at 3-month CD rate +1.4%. Early redemption is permitted. The borrowing is made under the line of credit of (Won)200,000 million (US\$ 173,536 thousand) as of June 30, 2004.
- (\*4) Interest at 3-month CD rate +1.5%. Early redemption is permitted. The borrowing is made under the line of credit of (Won)100,000 million (US\$ 86,768 thousand) as of June 30, 2004.
- (\*5) The borrowing is made under the line of credit of (Won)100,000 million (US\$ 86,768 thousand) as of June 30, 2004.

**9. DEBENTURES**

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

## 1) Bonds

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

## 2) Convertible bonds

	Issue date	Annual interest rate (%)	Maturity	Korean won		US dollars (Note2)	
				Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
				(In millions)		(In thousands)	
The convertible bonds	Mar. 26, 2003		Mar. 26, 2006	(Won) 20,000	(Won) 20,000	US\$ 17,354	US\$ 17,354
Add: redemption premium				2,314	2,314	2,008	2,008
				(1,976)	(2,509)	(1,715)	(2,178)

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Less: reconciliation for conversion  
rights

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



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

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

## 1) Bonds in foreign currencies

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

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

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## 2) Convertible bonds in foreign currency

	Issue date	Annual interest rate (%)	Maturity	Foreign currencies	
				Jun. 30, 2004	Dec. 31, 2003
Convertible bonds (*1)	Sep. 27, 2002		Sep. 27, 2005	US\$ 36,000	US\$ 36,000
Long-term accrued interest				1,886	1,345
				US\$ 37,886	US\$ 37,345
Korean won equivalent				(Won) 43,664	(Won) 44,732
Convertible bonds (*2)	Dec. 20, 2002		Dec. 20, 2005	US\$ 16,000	US\$ 16,000
Long-term accrued interest				678	454
				US\$ 16,678	US\$ 16,454
Korean won equivalent				(Won) 19,222	(Won) 19,709
Convertible bonds (*3)	Mar. 26, 2003		Mar. 26, 2006	US\$ 39,000	US\$ 39,000
Add: redemption premium				2,664	2,664
Less: reconciliation for conversion rights				(2,673)	(3,407)
				US\$ 38,991	US\$ 38,257
Korean won equivalent				(Won) 44,937	(Won) 45,818
Convertible bonds (*4)	Jul. 10, 2003		Jul. 10, 2006	US\$ 1,000	US\$ 1,000
Add: redemption premium				63	63
Less: reconciliation for conversion rights				(67)	(82)
				US\$ 996	US\$ 981
				(Won) 1,147	(Won) 1,173
Total				(Won) 108,970	(Won) 111,432

(\*1) The unguaranteed privately placed bonds of US\$ 36 million were issued to Lehman Brothers International Europe ( LBIE ) on September 27, 2002. The coupon rate on the bonds is zero whereas yield to maturity of 2.9245% was guaranteed if the bonds would not be converted. The conversion price is (Won) 7,313 per share (conversion-exchange rate applied was (Won)1,201.4:US\$ 1), which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split of shares. The number of

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shares available for conversion is 5,914,180 shares. The conversion rights are valid from one year after the issuance date to one month before the maturity date. The Company is obligated to issue new common shares upon the requests of the bondholders while the purchaser is obligated to hold the bonds or converted shares, if converted, until one and half year after the issuance date.

- (\*2) The unguaranteed privately placed bonds of US\$16 million were issued to LBIE on December 20, 2002. The coupon rate on the bonds is zero whereas yield to maturity of 2.7335% was guaranteed if the bonds would not be converted. The conversion price is (Won)5,588 per share (conversion-exchange rate applied was (Won)1,215.8:US\$ 1), which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split of shares.

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

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

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- (3) In connection with the debentures in foreign currencies listed above, the Company has entered into cross currency interest rate swaps with Woori Bank in order to prevent any risks involved with fluctuations in exchange rates and interest rates. As of June 30, 2004 and December 31, 2003, cross currency interest rate swap contracts are as follows (Unit: Korean won in millions, U.S. dollars in thousands, and Japanese yen in thousands):

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

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

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

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

	Foreign currencies		Korean won equivalent	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In thousands)		(In millions)	
<b>(Assets)</b>				
Currency swaps	JPY	JPY 1,470,444	(Won)	(Won) 16,463
<b>(Liabilities)</b>				
Debtentures in foreign currencies	US\$ 241,917	US\$ 241,796	278,809	289,624
	JPY	JPY 14,998,437		167,922
Long-term accrued interest payables	US\$ 2,564	US\$ 1,799	2,956	2,155
Redemption premium	US\$ 2,727	US\$ 2,727	3,143	3,258
Reconciliation for conversion rights	US\$ (2,740)	US\$ (3,489)	(3,158)	(4,179)
Accrued expenses	US\$ 920	US\$ 920	1,060	1,101
	JPY	JPY 54,611		611
Currency swaps	US\$ 27,704	US\$ 15,360	31,929	18,398
	US\$ 273,092	US\$ 259,113	(Won) 314,739	(Won) 478,890
	JPY	JPY 15,053,048		

**11. ACCRUED SEVERANCE BENEFITS**

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate amounted to (Won)1,064 million (US\$ 923 thousand) and (Won)1,583 million (US\$ 1,374 thousand) as of June 30 2004 and December 31, 2003, respectively.

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

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

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

**12. OTHER LIABILITIES**

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

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





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**13. SHAREHOLDERS EQUITY**

- (1) The Company has 2,400,000,000 authorized shares of common stock with (Won)5,000 par value, of which 784,076,172 shares [(Won)3,920,381 million (US\$ 3,401,632 thousand)] and 775,504,910 shares [(Won)3,877,525 million (US\$ 3,364,447 thousand)] are issued and outstanding as of June 30, 2004 and December 31, 2003, respectively.
- (2) The changes in the capital stock of the Company during the period from the incorporation to June 30, 2004 are as follows (Unit: Korean won in millions):

<u>Date of issuance</u>	<u>Description</u>	<u>Number of shares issued</u>	<u>Capital stock</u>	<u>Paid-in capital in excess of par value</u>
March 27, 2001	Establishment	727,458,609	(Won) 3,637,293	(Won)
June 12, 2002	Issuance of new shares	36,000,000	180,000	58,645
In 2002	Exercise of warrants	4,356,188	21,781	
		<u>767,814,797</u>	<u>3,839,074</u>	<u>58,645</u>
In 2003	Exercise of warrants	7,690,113	38,451	(574)
		<u>775,504,910</u>	<u>(Won) 3,877,525</u>	<u>(Won) 58,071</u>
In 2004	Issuance of new shares(*1)	8,571,262	42,856	14,126
		<u>784,076,172</u>	<u>(Won) 3,920,381</u>	<u>(Won) 72,197</u>

- (\*1) On June 18, 2004, the Company issued its new common shares to wholly own Woori Securities, one of its subsidiaries. Those new common shares were offered to exchange for 15,584,113 common shares of Woori Securities.
- (3) As of June 30, 2004 and December 31, 2003, other capital surplus is consideration for conversion rights in the total amount of (Won)3,253 million (US\$ 2,823 thousand), consisting of (Won)2,215 million (US\$1,922 thousand), (Won)997 million (US\$ 865 thousand), and (Won)41 million (US\$ 36 thousand) for convertible bonds, the first two among which were issued on March 26, 2003 and the third among which was issued on July 10, 2003.
- (4) Pursuant to the Financial Holding Company Act Article 53, legal reserves are appropriated at no less than one tenth of net income until reaching to an amount equal to the Company's contributed capital, whenever dividends are declared.

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

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

**14. STOCK OPTIONS**

- (1) On December 4, 2002, the Company granted stock options to 62 directors of the Company and its subsidiaries. The exercise price of 60 percent of the total number of stock options granted will be determined depending on the Korean banking industry stock index (at minimum (Won)6,800 per share). In addition, for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (Won)6,800 per share, the number of stock options to be vested will be dependent on the Company's management performance target levels; non-performing loans ratio, capital adequacy ratio and net income to total asset ratio by 15%, 15%, and 10%, respectively. The stock options are exercisable during a three-year period beginning after three years from the grant date. If the stock options are exercised, the Company has the option either to issue new shares or shares held as treasury stock, or to pay the difference between the market price and the exercise price in cash or with treasury stock.
- (2) The stock options (220,000 shares) granted to 9 directors of the Company and its subsidiaries, who subsequently retired, were cancelled by the resolution of the Company's board of directors in 2003 and for the six-month period ended June 30, 2004.
- (3) The summary of stock options granted as of June 30, 2004 is summarized as follows:

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

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

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

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

<u>Description</u>	<u>The Company</u>	<u>Subsidiaries</u>	<u>Total</u>
Total stock option costs	(Won) 916	(Won) 1,873	(Won) 2,789
Recorded in 2002, 2003 and the first half of 2004	725	1,482	2,207
To be recorded thereafter	191	391	582

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

**15. INCOME TAX EXPENSE**

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

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

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

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

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

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

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

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- (\*1) Reflected the additional adjustment based on the reported tax returns.  
 (\*2) The Company did not recognize deferred tax assets due to the uncertainty of its future realization.  
 (3) Remaining tax loss carryforwards and their expirations are as follows (Unit: Korean won in millions):

<u>Year incurred</u>	<u>Amount</u>	<u>Utilized</u>	<u>Remaining</u>	<u>Expiration</u>
2001	(Won) 25,588	(Won) 25,417	(Won) 171	2006
2002	14,205		14,205	2007
2003 (*1)	157,515		157,515	2008
	<u>(Won) 197,308</u>	<u>(Won) 25,417</u>	<u>(Won) 171,891</u>	

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

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

**16. STATEMENTS OF CASH FLOWS**

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

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

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

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

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

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

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



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

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**18. FINANCIAL INFORMATION OF SUBSIDIARIES**

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

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

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

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

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

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

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

## 1) Major debt

<u>Company</u>	<u>Deposits</u>	<u>Borrowings</u>	<u>Debentures</u>	<u>Total</u>
Woori Finance Holdings	(Won) 76,596,713	(Won) 220,000	(Won) 2,517,145	(Won) 2,737,145
Woori Bank	76,596,713	8,724,352	10,620,376	95,941,441
Kyongnam Bank	8,615,197	1,648,096	210,000	10,473,293
Kwangju Bank	6,617,539	1,509,737	200,000	8,327,276
Woori Finance Information System		210,000		210,000
Woori F&I		150,000		150,000
Woori Second Asset Securitization Specialty		100		100
Woori Third Asset Securitization Specialty		27,790		27,790
Woori Securities	161,880	33,911		195,791
	(Won) 91,991,329	(Won) 12,523,986	(Won) 13,547,521	(Won) 118,062,836

## 2) Major assets

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

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

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

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

<u>Company</u>	<b>Loans subject to allowance for possible</b>		<b>Percentage of allowance</b>
	<u>loan losses</u>	<u>Allowance</u>	<u>to loans (%)</u>
Woori Bank	(Won) 74,343,819	(Won) 1,550,988	2.09
Kyongnam Bank	6,550,115	103,556	1.58
Kwangju Bank	5,409,972	72,042	1.33
Woori Credit Card	1,809,395	379,651	20.98
Woori F&I	115,237	501	0.43
Woori Second Asset Securitization Specialty	17,980	11,675	64.93
Woori Third Asset Securitization Specialty	445	19	4.27
Woori Securities	59,582	21,034	35.30
<b>Total</b>	<b>(Won) 88,306,545</b>	<b>(Won) 2,139,466</b>	<b>2.42</b>

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**19. CONTRIBUTIONS TO NET INCOME BY SUBSIDIARIES:**

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

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

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

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

	Korean won		US dollars (Note 2)		Account
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003	
	(In millions)		(In thousands)		
Woori Bank	(Won) 404,084	(Won) 322,145	US\$ 350,615	US\$ 279,518	Cash and bank deposits
		600,000		520,607	Loans
	3,846	3,846	3,337	3,337	Guarantee deposits
	964	652	836	566	Other receivables
	581	28,379	504	24,624	Accrued income
		16,463		14,285	Currency swaps (assets)
	51		44		Other payables
	31,929	18,398	27,704	15,964	Currency swaps (liabilities)
Kyongnam Bank	29,501	16,204	25,597	14,060	Cash and bank deposits
	28	14	24	12	Accrued income
Kwangju Bank	20,009	11,236	17,361	9,749	Cash and bank deposits
	50,000	50,000	43,384	43,384	Loans
	3,379	2,253	2,932	1,955	Accrued income
Woori Credit Card		8		7	Other receivables
		93		81	Other payables
Woori Finance Information System	30,000	30,000	26,030	26,030	Loans
	148	101	128	88	Other receivables
	366	363	318	315	Accrued income
	327		284		Accrued expense
Woori F&I	125,000	126,850	108,460	110,065	Loans
Woori Second Asset Securitization Specialty	100	100	87	87	Loans
	2	2	2	2	Accrued income
Woori Third Asset Securitization Specialty	27,790	27,790	24,113	24,113	Loans
	459	459	398	398	Accrued income
Woori Investment Trust Management	58	39	50	34	Other receivables
Woori Credit Information	132	90	115	78	Other receivables
Woori CA Asset Management	181	124	157	108	Other receivables
Principal guaranteed trust accounts of Woori Bank	517	954	449	828	Deposits with employee retirement trust
	14		12		Accrued income

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

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

(3) Repurchase of the transferred credit card subscriber base

Kwangju Bank sold its credit card subscriber base to WCC on February 28, 2003. However, due to WCC's merger into Woori Bank in the first quarter of 2004, Kwangju Bank repurchased such credit card subscriber base including the related card assets and liabilities from WCC on March 29, 2004. The consideration for the transaction was (Won) 73 billion (US\$ 63 million) and no gains or losses was recorded in connection.

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**21. EARNINGS PER COMMON SHARE:**

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

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

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



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

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

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

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

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

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

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

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

Item	Face value	Exercise period	Common stock	
			(shares)	to be issued
				Remarks
Convertible bonds	US\$ 36,000	Sep. 28, 2003 ~ Aug. 27, 2005	5,914,180	Using exchange rate of (Won)1,201.4, convert 1 share at (Won)7,313
Convertible bonds	US\$ 16,000	Dec. 21, 2003 ~ Nov. 20, 2005	3,481,173	Using exchange rate of (Won)1,215.8, convert 1 share at (Won)5,588
Convertible bonds	(Won) 20,000	Mar. 27, 2004 ~ Feb. 26, 2006	3,717,472	Convert 1 share at (Won)5,380
Convertible bonds	US\$ 39,000	Mar. 27, 2004 ~ Feb. 26, 2006	8,661,914	Using exchange rate of (Won)1,194.9, concert 1 shares at (Won)5,380
Convertible bonds	US\$ 1,000	Jul. 10, 2004 ~ Jun. 10, 2006	164,429	Using exchange rate of (Won)1,188.5, concert 1 shares at (Won)7,228
Stock options		Dec. 5, 2005 ~ Dec. 4, 2008	1,340,000	(Note 14)

**22. INSURANCE**

As of June 30, 2004, the Company has insurance for liability of reparation of directors with LG Insurance Co., Ltd. The insurance coverage is (Won)20,000 million (US\$17,354 thousand).

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

Woori Bank has loans receivable from and payment guarantees for SK Networks Co., Ltd. (formerly known as SK Global) and its overseas subsidiaries (collectively referred to as SK Networks) in the total amount of (Won)200.4 billion (US\$173.9 million) and available-for-sale securities in the total amount of (Won)89.6 billion (US\$77.7 million). In connection therewith, Woori Bank provided (Won)96.5 billion (US\$ 83.7 million) as allowances for credit losses as of June 30, 2004. However, Woori Bank's actual loss on SK Networks credit may differ from the current estimate.

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

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

**25. WCC'S CAPITAL INCREASE**

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

**26. WOORI BANK'S MERGER WITH WOORI CREDIT CARD**

Woori Bank, a subsidiary of the Company, merged with WCC, a subsidiary of the Company, on March 31, 2004. Woori Bank took over substantially all of the assets and liabilities of WCC by exchanging one common share of WCC with 0.3581 share of Woori Bank and (Won) 330.3 billion (US\$ 286.6 million) of the difference between (Won) 657.2 billion (US\$ 570.2 million) of net assets acquired from WCC and (Won) 326.9 billion (US\$ 283.6 million) of consideration for the merger was recorded as capital surplus of Woori Bank. As a result, the number of issued common shares of Woori Bank increased from 570.5 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,475.3 million) to (Won) 3,179.8 billion (US\$ 2,759.0 million) as of June 30, 2004.

**27. ACQUISITION OF WOORI SECURITIES' STOCK**

On June 18, 2004, the Company issued 8.6 million new common shares and exchanged them for 15.6 million common shares of Woori Securities, a subsidiary of the Company, in order to wholly own the subsidiary. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,364.4 million) to (Won) 3,920.4 billion (US\$ 3,401.6 million) as of June 30, 2004.

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**28. LITIGATION**

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

**29. ECONOMIC UNCERTAINTIES**

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

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**SIGNATURES**

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

Woori Finance Holdings Co., Ltd.

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(Registrant)

Date: August 13, 2004

By: /s/ Young Sun Kim

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(Signature)

Name: Young Sun Kim

Title: Director