

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

March 31, 2008

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2008

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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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

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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<u>All financial information contained in this document (including the attached financial statements) have been prepared accordance with generally accepted accounting principles in Korea, which differ in certain important respects from generally accepted accounting principles in the United States.</u>	

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I. Company Overview

1. Purpose of the Company

a. Scope of Business

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

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

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

b. Scope of Business of Subsidiaries

(1) Woori Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

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(2) Kwangju Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(3) Kyongnam Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(4) Woori Investment & Securities

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

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

3. Management of mutual funds;
4. Sales and redemption of indirect investment securities;
5. Investment advisory;
6. Investment executions;
7. Administration of invested companies;
8. Futures trading;
9. Call trading;
10. Bill purchases;

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11. Domestic and global economy and capital markets research;
 12. Securities dealing;
 13. Publishing investment related books;
 14. Real estate leasing;
 15. Other activities approved by the Indirect Investment Asset Management Business Act; and
 16. Other businesses and activities related to the items listed above.
- (6) Woori Financial
1. Rental business in connection with facilities, machineries, construction equipment, automobiles, ships, aircrafts, real estate and their rights;
 2. Yearly installment sales;
 3. Installment finance;
 4. New technology business finance;
 5. Credit and collateralized loans;
 6. Bill discounting;
 7. Acquisitioning, management and collection of account receivables;
 8. Acquisition of receivable of, or related Securities issued by, other finance or leasing companies relating to businesses listed in (1) through (7) above;
 9. Payment guarantee business;
 10. Securitized asset management under asset securitization regulations;

11. Credit review and related activities in connection with businesses listed in (1) through (10) above;
12. Real estate rental business;
13. Corporate restructuring SPC business in accordance with the Industry Development Act;
14. General partner of private equity funds investing in new technologies;
15. Rental business for leased goods;
16. Other businesses and activities related to the items listed above.

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(7) Woori Finance Information System

1. Development, distribution and management of computer systems;
2. Consulting services in computer installation and usage;
3. Distribution, brokerage and lease of computer systems;
4. Maintenance of computer-related equipment;
5. Publication and distribution of IT-related reports and books;
6. Educational services related to computer usage;
7. Research and outsourcing information processing services;
8. Internet-related businesses;
9. Information processing, telecommunications and information distribution services;
10. Manufacturing and distribution of audio-visual media;
11. Information-processing operations and service systems; and
12. All activities directly or indirectly related to the items listed above.

(8) Woori F&I

1. Purchase and disposition of ABSs, issued primarily to securitize distressed assets, pursuant to the Asset Securitization Law;
2. Purchase and disposition of asset management companies that had been initially set up to manage distressed assets pursuant to the Asset securitization Law;
3. Purchase and disposition of troubled assets;

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4. Investment activity with respect to indirect investment instruments under the Indirect Investment Asset Management Business Act and other investment activity with respect to other securities, bonds or similar financial assets under the Corporate Restructuring Promotion Act; and

5. All businesses or activities directly or indirectly related to the businesses listed in 1 and 4.

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

1. Transfer, management and disposition of the securities and other assets (the securitized assets) and all rights related to the securitized asset of Hanvit Bank (now Woori Bank) and Kyongnam Bank pursuant to the Asset Securitization Law;

2. Offering and redemption of the securitized assets;

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3. Preparation and registration of asset securitization plans to the Financial Supervisory Service;
4. Execution of agreements required for the asset securitization plan;
5. Provisional borrowing and other similar procedures for ABS redemption;
6. Investment of surplus funds; and
7. Other activities related to the items listed above.

(10) Woori Private Equity

1. Private equity business;
2. Other activities approved by the Indirect Investment Asset Management Business Act; and
3. Other activities related to the items listed above.

c. Anticipated Business Expansion

In order to enter the insurance industry, Woori Finance Holdings formed a consortium with AVIVA to acquire a 91.65% stake in LIG Life Insurance, and subsequently entered into a purchase agreement on January 31, 2008. Woori Finance Holdings will acquire 51.0% of the outstanding shares of LIG Life Insurance for approximately Won 76.3 billion, and add LIG Life Insurance as its subsidiary. Woori Finance Holdings plans to re-launch LIG Life Insurance as Woori Aviva Life Insurance on April 1, 2008, which will focus on providing comprehensive financial services to Woori Group customers by offering tailored products to meet their insurance demands.

(1) Scope of business

1. Development and operation of personal insurance and reinsurance products, including life insurance, accident insurance, disease insurance and pension insurance; and
2. Asset management using the following methods:

Acquisition and use of government bonds, municipal bonds, stocks, debentures and bonds issued by entities established by special law

Acquisition and use of real estate

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Loan services and discount of commercial notes

Savings with financial institutions

Placing of cash and securities in trusts

Other methods in accordance with insurance-related regulations

3. Other insurance activities or other business activities permitted under insurance-related regulations

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2. History of the Company

a. Company History

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

March 24, 2001	Official approval from the Financial Supervisory Service for Woori Finance Holdings Co., Ltd.
March 27, 2001	Incorporated as Woori Finance Holdings Co., Ltd. (Total Capital: Won 3.6 trillion)
April 2, 2001	Official launch of Woori Finance Holdings
July 16, 2001	Issued bonds with warrants
September 1, 2001	Hanaro Merchant Bank's name changed to Woori Merchant Bank
September 29, 2001	Woori Finance Information System incorporated as a subsidiary
December 3, 2001	Woori Asset Management incorporated as a subsidiary
December 3, 2001	Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary
December 26, 2001	Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary
December 31, 2001	Spin-off and merger of Peace Bank; Launch of Woori Credit Card
March 15, 2002	Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary
March 29, 2002	Woori Investment Trust Management incorporated as a subsidiary
May 20, 2002	Hanvit Bank's name changed to Woori Bank
June 11, 2002	Capital increase through public offering (Total capital: Won 3.8 trillion)
June 24, 2002	Listed on the Korea Stock Exchange
July 29, 2002	Woori Securities incorporated as a subsidiary
September 5, 2002	Executed strategic investment agreement with Lehman Brothers with respect to the management of distressed assets
December 23, 2002	Purchase and acquisition agreement with the credit card division of Kwangju Bank

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July 31, 2003	Woori Merchant Bank merged into Woori Bank
September 29, 2003	Listing on the New York Stock Exchange
December 12, 2003	Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd.
March 30, 2004	Appointment of new management
March 31, 2004	Woori Card merged into Woori Bank
June 18, 2004	Woori Securities becomes a wholly-owned subsidiary
December 21, 2004	Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion)
December 24, 2004	Acquired LG Investment & Securities and incorporated as a subsidiary
February 17, 2005	Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion)
March 11, 2005	Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion)
March 31, 2005	Woori Securities and LG Investment & Securities merged (the name of the surviving entity, LG Investment & Securities, changed to Woori Investment & Securities)
May 6, 2005	Incorporated LG Investment Trust Management from 2 nd tier subsidiary to 1 st tier subsidiary
May 31, 2005	Woori Investment Trust Management and LG Investment Trust Management merged (the name of the surviving entity, LG Investment Trust Management, changed to Woori Asset Management)
August 3, 2005	Dissolution of Woori LB Second Asset Securitization Specialty Co., Ltd.
September 5, 2005	Woori Asset Management becomes a wholly-owned subsidiary through capital reduction and cancellation
October 21, 2005	Woori Private Equity is established and incorporated as a subsidiary
October 27, 2005	Closure of strategic investment agreement with Lehman Brothers
February 23, 2006	Joint venture arrangement between Woori CA Asset Management, a 2 nd tier subsidiary, and Japan's Shinsei Bank (involving a transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank)

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April 11, 2006	Joint venture agreement to transfer 30% of the shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse.
May 30, 2006	Upon the 30% share transfer to Credit Suisse Asset Management International Holdings, Woori Asset Management was renamed Woori Credit Suisse Asset Management.
March 30, 2007	Appointment of new management
September 14, 2007	Acquired Hanmi Capital as a subsidiary (Hanmi Capital was renamed Woori Financial as of October 26, 2007)

* On January 31, 2008, we entered into a stock purchase agreement to acquire LIG Life Insurance, which will be re-launched as Woori Aviva Life Insurance in April 2008

b. Associated Business Group

(1) Overview of Business Group

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

(2) Related companies within the business group

Type	Name of Company	Controlling Company	Notes
Holding Company	Woori Finance Holdings	KDIC	
1 st Tier Subsidiaries	Woori Bank	Woori Finance Holdings	10 companies
	Kwangju Bank		
	Kyongnam Bank		
	Woori Finance Information System		
	Woori F & I		
	Woori Third Asset Securitization Specialty		
	Woori CS Asset Management		
2 nd Tier Subsidiaries	Woori Investment & Securities	Woori Bank	19 companies
	Woori Private Equity		
	Woori Financial		
	Woori Credit Information		
	Woori America Bank		
	P.T. Bank Woori Indonesia		
	Korea BTL Infrastructure Fund		
Woori Global Markets Asia Ltd.			
ZAO Woori Bank			
Woori Bank (China) Limited			

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Woori SB Asset Management	
Woori F&I Fifth Asset Securitization Specialty Co., Ltd.	Woori F&I
Woori F&I Sixth Asset Securitization Specialty Co., Ltd.	
Woori F&I Seventh Asset Securitization Specialty Co., Ltd.	
Woori Private Equity Fund	Woori Private Equity
Woori Futures	
Woori Investment & Securities International Ltd.	Woori Investment &
Woori Investment & Securities (HK) Ltd.	
Woori Investment & Securities America Inc.	Securities
Mars First Private Hoesa	
Mars Second Private Hoesa	
Woori Investment Asia Pte. Ltd.	

* On March 5, 2007, Mars Second Private Hoesa, with KRW 31,500 million paid-in-capital, was included as our 2nd tier subsidiary. Woori Investment & Securities, which owns a 4.76% stake, is its general partner.

* On March 27, 2007, Nexbi Tech, a subsidiary of Woori Finance Information System, was removed from our list of 2nd tier subsidiaries as the company performed a second capital reduction (the first capital reduction was held in Oct. 18, 2006), liquidating all the shares held by Woori Finance Information System.

* On May 23, 2007, Woori F&I Fifth Asset Securitization Specialty Co., Ltd. was included as our 2nd tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.

* On September 14, 2007, Hanmi Capital was included as our 1st tier subsidiary to strengthen our non-banking business (Hanmi Capital was renamed Woori Financial as of October 26, 2007).

* On September 20, 2007, Woori Investment Asia Pte. Ltd. was included as our 2nd tier subsidiary. Woori Investment & Securities owns a 100% stake in Woori Investment Asia Pte. Ltd.

* On October 26, 2007, Woori Bank (China) Limited was included as our 2nd tier subsidiary. Woori Bank owns a 100% stake in Woori Bank (China) Limited.

* On November 22, 2007, ZAO Woori Bank was included as our 2nd tier subsidiary. Woori Bank owns a 100% stake in ZAO Woori Bank, excluding one ZAO Woori Bank share, which is owned by a related party of Woori Bank in order to comply with Russian regulation on single shareholder limitations.

* On December 12, 2007, Woori F&I Sixth Asset Securitization Specialty Co., Ltd. and Woori F&I Seventh Asset Securitization Specialty Co., Ltd. were included as our 2nd tier subsidiaries. Woori F&I Co., Ltd. owns a 100% stake in each of these two subsidiaries.

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

(units: Won, shares)

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

b. Anticipated Changes in Capital

Not applicable

c. Convertible Bonds

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

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

As of December 31, 2007

(units: shares)

Items	Type	
	Common Shares	Total
Total number of shares authorized	2,400,000,000	2,400,000,000
Total number of issued stock	806,015,340	806,015,340
Treasury stock	2,560	2,560
Free float shares	806,012,780	806,012,780

b. Capital and Price per Share

As of December 31, 2007

(units: Won, shares)

Type		Capital			Par value per share	Price per share	
		Capital	Par value of issued shares	Par value of free float shares		Capital ÷ number of shares issued	Capital ÷ free float shares
Registered	Common Stock	4,030,076,700,000	4,030,076,700,000	4,030,063,900,000	5,000	5,000	5,000
Total		4,030,076,700,000	4,030,076,700,000	4,030,063,900,000	5,000	5,000	5,000

c. Treasury Stock

As of December 31, 2007

(units: shares)

Acquisition Method	Type of Stock	Beg.	Acquired	Disposal	Canceled	End	Remarks
Direct purchase under Sub-section 1, section 189-2	Common						
	Preferred						
Direct purchase other than the conditions under Sub-section 1, section 189-2	Common	2,555	5			2,560	
	Preferred						
Subtotal	Common	2,555	5			2,560	
	Preferred						
Indirect acquisition from trust agreement	Common						
	Preferred						
Total	Common	2,555	5			2,560	
	Preferred						

* Woori Financial Holdings acquired additional treasury shares in respect of fractional shares resulting from share exchange for Woori Securities.

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d. Status of Employee Stock Option Program

(units: shares)

Type of stock	Type of Stock	Beginning Balance (2007.01.01)	Ending Balance (2007.12.31)
Employee Account			
Employee Union Account	Common stock	41,403	0

5. Voting Rights

As of December 31, 2007

(units: shares)

Items		Number of stock	Notes
Total number of shares	Common Shares Preferred Shares	806,015,340	
Stocks without voting rights	Common Shares Preferred Shares		Treasury stock: 2,560
Stocks with limited voting rights under the Securities & Exchange Law		17,529	Stock held by Woori I&S: 29
Stocks with voting rights restored			Mutually held stock by BC Card: 14,940
Stocks with voting rights	Common Shares Preferred Shares	805,997,811	

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

(Non-consolidated)

(Unit: Won)

Items		2007	2006	2005
Par value per share (Won)		5,000	5,000	5,000
Net profit (Won in Millions)		2,031,194	2,029,319	1,688,221
Earnings per share (Won)		2,520	2,518	2,099
Profit available for dividend distribution (Won in Millions)		6,362,583	5,017,365	3,514,715
Total cash payout (Won in Millions)		201,503	483,608	322,405
Total stock dividends (Won in Millions)				
Propensity to cash dividends (%)		9.92	23.83	19.10
Cash dividend yield (%)	Common Shares	1.29	2.71	1.98
	Preferred Shares			
Stock dividend yield (%)	Common Shares			
	Preferred Shares			
Cash dividend per share (Won)	Common Shares	250	600	400
	Preferred Shares			
Stock dividend per share (Won)	Common Shares			
	Preferred Shares			

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II. Description of Business

1. Business Overview

a. Organizational Chart

As of 2007. 12. 31

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

b. Financing of operations

(1) Source of Funds

(units: millions of Won)

Items	2007	2006	2005
Shareholders Equity	13,152,077	11,933,072	9,717,364
Capital	4,030,076	4,030,076	4,030,076
Capital Surplus	84,488	84,488	84,488
Retained Earnings	7,145,883	5,597,546	3,891,963
Capital Adjustments	1,891,629	2,220,962	1,710,836
Borrowings	2,129,288	1,860,449	2,314,419
Debentures	2,116,679	1,847,591	2,296,203
Bank Borrowings			
Commercial Paper			
Other Borrowings			
Other Liabilities	12,609	12,858	18,216
Total	15,281,364	13,793,521	12,031,783

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(2) Use of Funds

(units: millions of Won)

Items	2007	2006	2005
Subsidiary Stock	15,152,420	13,591,413	11,751,678
Woori Bank	12,286,663	11,297,882	9,695,213
Kyongnam Bank	923,555	794,984	694,275
Kwangju Bank	726,256	630,995	561,330
Woori Financial Information System	10,080	11,245	11,903
Woori F&I	144,746	124,874	114,017
Woori 3 rd Asset Securitization Specialty	1,885	24,317	
Woori Investment & Securities	735,983	649,355	604,543
Woori CS Asset Management (formerly Woori Asset Management)	49,895	47,655	60,600
Woori Private Equity	11,949	10,106	9,797
Woori Financial	261,408		
Investment Securities			
Loan Obligations		49,750	109,450
Tangible Assets	438	630	119
Intangible Assets	20	30	35
Cash	32,502	89,724	104,072
Other Assets	95,985	61,974	66,428
Total	15,281,365	13,793,521	12,031,783

c. Transactions related to Commission Fees

(units: millions of Won)

Category	2007	2006	2005
Commission Revenue (A)	0	0	0
Commission Expense (B)	5,916	7,613	6,641
Commission Profit (A-B)	-5,916	-7,613	-6,641

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

(units: millions of Won)

Items	2007	2006	2005
Total Capital (A)	20,102,976		
Risk weighted assets (B)	174,367,585		
BIS Ratio (A/B)	11.53%		

b. Credit ratings for the past three years

Date of Rating	Evaluated Securities	Credit Rating	Company (Ratings Range)	Evaluation Category
2003.11.13		BBB	R&I (AAA ~ C)	Periodic evaluation
2003.12.04	Debentures	AAA	NICE (AAA ~ D)	Case evaluation
2003.12.04	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation
2004.2.6		BBB	Fitch Rating (AAA ~ D)	Case evaluation
2004.3.11		BBB-	S&P (AAA ~ D)	Case evaluation
2004.5.27		Baa3	Moody's (Aaa ~ C)	Case evaluation
2004.6.9	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation
2004.6.9	Debentures	AAA	NICE (AAA ~ D)	Case evaluation
2004.7.16	Debentures	AAA	NICE (AAA ~ D)	Case evaluation
2004.7.16	Debentures	AAA	Korea Ratings (AAA ~ D)	Case evaluation
2004.11.15	Debentures	AAA	Korea Ratings (AAA ~ D)	Case evaluation
2004.11.15	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation
2005.6.7		BBB	S&P (AAA ~ D)	Case evaluation
2005.6.9	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation
2005.6.13	Debentures	AAA	Korea Ratings (AAA ~ D)	Case evaluation
2005.9.16	Debentures	AAA	NICE (AAA ~ D)	Case evaluation
2005.9.20	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation
2005.10.24		BBB+	Fitch Rating (AAA ~ D)	Case evaluation
2006.08.10		Baa2	Moody's (Aaa ~ C)	Case evaluation
2006.09.07		Baa1	Moody's (Aaa ~ C)	Case evaluation
2007.05.07		A2	Moody's (Aaa ~ C)	Case evaluation
2007.08.17	Debentures	AAA	NICE (AAA ~ D)	Case evaluation
2007.08.17	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation
2007.11.27	Debentures	AAA	NICE (AAA ~ D)	Case evaluation
2007.11.27	Debentures	AAA	KIS Ratings (AAA ~ D)	Case evaluation

c. Won-denominated Current Ratio

(units: millions of Won)

Items	2007	2006	2005
Current Assets (A)	32,874	117,037	111,091
Current Liabilities (B)	12,207	12,496	18,216
Current Ratio (A/B)	269.30%	936.60%	609.85%

* Current ratio

= assets with maturity of less than 3 months

liabilities with maturity of less than 3 months

Table of Contents**d. Foreign Currency-denominated Current Ratio**

(units: millions of Won)

Items	2007	2006	2005
Current Assets (A)			
Current Liabilities (B)			
Current Ratio (A/B)			
* Current ratio			

= assets with maturity of less than 3 months

liabilities with maturity of less than 3 months

e. Debt Ratio

(units: millions of Won)

Items	2007	2006	2005
Liabilities (A)	2,129,288	1,860,448	2,314,418
Equity (B)	13,152,077	11,922,274	9,717,364
Debt Ratio (A/B)	16.19%	15.60%	23.80%

Table of Contents**III. Financial Information****1. Condensed Financial Statements (Consolidated)**

(units: millions of Won)

Items	2007	2006	2005	2004	2003
Cash and Due from Banks	14,984,541	10,674,977	11,224,015	6,530,065	6,471,855
Securities	48,228,254	46,313,960	37,693,090	29,175,271	27,006,678
Loans	167,635,411	140,854,505	106,937,970	91,482,647	86,077,297
Tangible Assets	2,638,774	2,561,391	2,472,727	2,410,106	2,253,714
Other Assets	16,133,343	11,592,497	6,215,046	7,003,875	6,958,176
Total Assets	249,620,323	211,997,330	164,542,848	136,601,964	128,767,720
Deposits	146,583,312	129,022,868	107,087,990	92,148,907	89,049,625
Borrowings	66,040,316	54,134,339	37,116,858	27,910,757	25,008,773
Other Liabilities	21,889,695	15,415,318	9,233,038	7,837,020	9,011,022
Total Liabilities	234,513,323	198,572,525	153,437,886	127,896,684	123,069,420
Common Stock	4,030,077	4,030,077	4,030,077	3,982,278	3,877,525
Consolidated Capital Surplus	188,237	187,955	142,608	170,960	57,844
Consolidated Capital Adjustment	-55,812	-55,854	-52,485	-94,843	51,715
Consolidated Other Comprehensive Income	1,843,686	2,173,342	1,705,194	1,060,800	363,254
Consolidated Retained Earnings	7,145,883	5,601,869	3,896,255	2,333,145	1,152,053
Minority Interest	1,954,929	1,487,416	1,383,313	1,252,940	195,909
Total Stockholder's Equity	15,107,000	13,424,805	11,104,962	8,705,280	5,698,300
Operating Revenue	26,650,125	19,895,975	14,564,520	13,542,554	10,696,247
Operating Income	3,037,349	2,748,368	2,004,494	1,137,600	57,719
Net Profit before Tax	3,044,904	2,913,712	2,145,704	1,192,574	231,062
Aggregated Net Profit	2,201,994	2,189,207	1,833,521	1,261,052	52,374
Net Profit for Majority Shareholders	2,026,872	2,029,319	1,688,221	1,261,925	56,279
Net Profit for Minority Shareholders	175,122	159,888	145,300	-873	-3,905
No. of Companies Consolidated	30	24	21	24	15

* 1. Accounts and numbers are presented in accordance with SKAS No. 24 and No. 25.

Table of Contents**2. Accounting Information****a. Loan Loss Reserves**

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

(units: millions of Won)

Period	Item	Total Credits	Loan Loss Reserves	Provisioning Ratio
2007	Loans			
	Total			
2006	Loans	50,000	250	0.5%
	Total	50,000	250	0.5%
2005	Loans	110,000	550	0.5%
	Total	110,000	550	0.5%

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

(units: millions of Won)

Item	2007	2006	2005
1. Initial loan loss reserves balance	250	550	1,098
2. Net credit costs	0	0	0
1) Write-offs	0	0	0
2) Recovery of written-off assets	0	0	0
3) Other changes	0	0	0
Recovery of credit costs	-250	-300	-548
Ending loan loss reserve balance	0	250	550

3. Notes on Consolidated Financial Statements

(1) Auditor's opinion

Item	2007	2006	2005
Auditor	Anjin (Deloitte Anjin)	Anjin (Deloitte Anjin)	Anjin (Deloitte Anjin)
Auditor's Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

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

2007 Anjin (Deloitte Anjin)	2006 Anjin (Deloitte Anjin)	2005 Anjin (Deloitte Anjin)
---------------------------------------	---------------------------------------	---------------------------------------

2. Compensation to the Independent Auditor for the Past Three Years**a. Auditing Service**

(units: millions of Won, hours)

Year	Auditor	Activity	Compensation	Accrued Time (hrs)
2007	Anjin (Deloitte Anjin)	Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated)	340	4,936
2006	Anjin (Deloitte Anjin)	Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated)	320	5,210
2005	Anjin (Deloitte Anjin)	Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated)	320	5,950

b. Compensation for Services Other than the Audit

(units: in millions of won, unless otherwise indicated)

Year	Contract Date	Activity	Period	Comp.	Note
2007	2008.01.24	US GAAP and SOX Auditing	2007.12~2008.05	3,530	Deloitte Anjin
2006	2006.12.15	US GAAP and SOX Auditing	2006.12~2007.5	3,530	Deloitte Anjin
2005	2006.2.9	US GAAP Auditing	2005.12~2006.5	USD 1,950 thousand	Deloitte Anjin

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V. Corporate Governance and Affiliated Companies

1. Overview of the Corporate Governance

a. About the Board of Directors

(1) Board of Directors

A. Duties of Boards of Directors

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

B. Information Regarding the Board of Directors

The following information was stated in the notice to the shareholders of the annual general meeting and details of the agenda filed in Korea on March 11 and 12, 2008

Third Resolution: Appointment of Non-Standing Directors to serve as Audit Committee Members

Name	Date of Birth	Term / Appointment	Career & Academic Background	Relationship with Largest Shareholder	Transactions with the Company in the Past Three Years
Pyoung Wan Har	Aug. 22, 1945	1 year / Re-appointment	- Current) Consultant of The Federation of Korean Industries - Standing Audit Committee Member of Korean Exchange Bank - Bachelor of Business Administration, Sungkyunkwan University - Master of Business Administration, Yonsei University	None	None
Kwang-Dong Kim	Jun. 12, 1948	1 year / Re-appointment	- Current) Professor of College of Economics & Business Administration, Cheongju University - Ambassador of the Korean Embassy in the Federative Republic of Brazil	None	None

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			- Bachelor of Political Science and International Studies, Yonsei University		
			- Institut International d Administration Publique		
Bong Soo Park	Dec. 24, 1948	1 year / Re-appointment	- Current) Executive Advisor at the Korea Institute for International Economics Policy	None	None
			- Chief Director of Korea Technology Credit Guarantee Fund		
			- Bachelor of Business Administration, Seoul National University		
			- Master of Economics, George Washington University		
In Bong Ha	Jan. 30, 1950	1 year / Re-appointment	- Current) Professor of School of Economics and Trade, Kyungpook National University	None	None
			- President of the Institute of Korean Business Administration and Economy		
			- Bachelor of Geology, Kyungpook National University		
			- Master of Economics, Kyungpook National University		
			- Ph.D. in Economics, University of Minnesota		

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Myoung-Soo Choi	Aug. 5, 1957	1 year / Re-appointment	<ul style="list-style-type: none"> - Current) Director General of Fund Management & Planning Department at KDIC - President of Resolution & Finance Corporation - Bachelor of Economics, Kyonggi University 	Employee	None
Min Joon Bang	Oct. 29, 1950	1 year / New appointment	<ul style="list-style-type: none"> - Current) Arbitration Commissioner of Press Arbitration Commission - Head of Editorial Desk, Korea Times - Bachelor of Korean Language and Literature, Seoul National University 	None	None
Hi Taek Shin	Aug. 6, 1952	1 year / New appointment	<ul style="list-style-type: none"> - Current) Professor of College of Law, Seoul National University - Lawyer, Kim & Chang Law Firm - Bachelor of Laws, Seoul National University - Master of Laws, Seoul National University - J.S.D at Yale Law School 	None	None

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C. Appointment of Non-standing Directors

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

* Article 42 (Committee)

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

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

D. Committees within Board of Directors

1. Before March 28, 2008

Name	Position	Notes
BOD Management Committee	Byongwon Bahk	Chairman/CEO Byongwon Bahk heads this committee consisting of the heads of the sub-committees.
	Pyoung Wan Har	
	Kwang-Dong Kim	

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Management Compensation Committee	Bong-Soo Park	Non-standing director Woon-Youl Choi heads this committee consisting of no fewer than three non-standing directors.
	Woon-Youl Choi	
	Pyoung Wan Har	
Risk Management Committee	Bong-Soo Park	Chairman/CEO Byongwon Bahk heads this committee. The committee consists of the Chairman/CEO, CFO and no fewer than three non-standing directors.
	Woon-Youl Choi	
	Byongwon Bahk	
	Pyoung Wan Har	
Executive Management Committee	Bong-Soo Park	Chairman/CEO Byongwon Bahk heads the committee consisting of all executive directors.
	Woon-Youl Choi	
	Inbong Ha	
	Myoung-Soo Choi	
	Byongwon Bahk	

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Ethics Management Committee	Byongwon Bahk Kwang-Dong Kim Myoung-Soo Choi	Non-standing director Kwang-Dong Kim heads this committee consisting of all executive directors and no fewer than two non-standing directors.
Non-standing Director Candidate Nomination Committee	Byongwon Bahk Bong-Soo Park Pyoung Wan Har Kwang-Dong Kim	Non-standing director Pyoung Wan Har heads this committee consisting of the Chairman/CEO and no fewer than three non-standing directors.
MOU Review Committee	Inbong Ha Byongwon Bahk Bong-Soo Park Woon-Youl Choi Pyoung Wan Har Kwang-Dong Kim Inbong Ha	Chairman/CEO Byongwon Bahk heads this committee consisting of the entire board of directors.
Audit Committee	Myoung-Soo Choi Bong-Soo Park Woon-Youl Choi Pyoung Wan Har Kwang-Dong Kim Inbong Ha	All non-standing directors are members of audit committee
Audit Committee Member Candidate Nomination Committee	Myoung-Soo Choi Bong-Soo Park Woon-Youl Choi Pyoung Wan Har Kwang-Dong Kim Inbong Ha Myoung-Soo Choi	Non-standing director Pyoung Wan Har heads this committee consisting of the Chairman/CEO and no fewer than three non-standing directors.

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2. After March 28, 2008

Name	Position	Notes
BOD Management Committee	Byongwon Bahk Pyoung Wan Har Kwang-Dong Kim Bong-Soo Park Inbong Ha	Chairman/CEO Byongwon Bahk heads this committee consisting of the heads of the sub-committees.
Management Compensation Committee	Pyoung Wan Har Bong-Soo Park	Non-standing director Pyoung Wan Har heads this committee consisting of no fewer than three non-standing directors.
Risk Management Committee	Hi Taek Shin Byongwon Bahk Pyoung Wan Har Bong-Soo Park Kwang-Dong Kim Inbong Ha Myoung-Soo Choi Min Joon Bang Hi Taek Shin	Chairman/CEO Byongwon Bahk heads this committee. The committee consists of the Chairman/CEO, CFO and no fewer than three non-standing directors.

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Executive Management Committee	Byongwon Bahk	Chairman/CEO Byongwon Bahk heads the committee consisting of all executive directors.
Ethics Management Committee	Byongwon Bahk	Non-standing director Kwang-Dong Kim heads this committee consisting of all executive directors and no fewer than two non-standing directors.
	Kwang-Dong Kim	
	Min Joon Bang	
	Myoung-Soo Choi	
	Inbong Ha	
Non-standing Director Candidate Nomination Committee	Byongwon Bahk	Non-standing director Inbong Ha heads this committee consisting of the Chairman/CEO and no fewer than three non-standing directors.
	Pyoung Wan Har	
	Kwang-Dong Kim	
	Min Joon Bang	
	Inbong Ha	
MOU Review Committee	Byongwon Bahk	Chairman/CEO Byongwon Bahk heads this committee consisting of the entire board of directors.
	Bong-Soo Park	
	Pyoung Wan Har	
	Kwang-Dong Kim	
	Inbong Ha	
	Myoung-Soo Choi	
	Min Joon Bang	
Audit Committee	Hi Taek Shin	All non-standing directors are members of audit committee
	Bong-Soo Park	
	Pyoung Wan Har	
	Kwang-Dong Kim	
	Inbong Ha	
	Myoung-Soo Choi	
	Min Joon Bang	
Audit Committee Member Candidate Nomination Committee	Hi Taek Shin	Non-standing director Inbong Ha heads this committee consisting of the Chairman/CEO
	Bong-Soo Park	

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Pyoung Wan Har

and no fewer than three non-standing
directors.

Kwang-Dong Kim

Inbong Ha

Myoung-Soo Choi

Min Joon Bang

Hi Taek Shin

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E. Stock Options

As of December 31, 2007

(units: Won, shares)

Grantee	Relationship	Grant date	Type of stock	No. of granted options	Exercised options	Cancelled options	Exercisable options	Closing price
Byung Chul Yoon	Standing director	2002.12.04	Common	100,000	95,000	5,000	0	18,850
Kwang Woo Chun	Standing director	2002.12.04	Common	80,000	76,000	4,000	0	18,850
Euoo Sung Min	Standing director	2002.12.04	Common	80,000	0	80,000	0	18,850
Hwan Kyu Park	Non-standing dir.	2002.12.04	Common	40,000	0	2,000	38,000	18,850
Ki Chul Han	Non-standing dir.	2002.12.04	Common	30,000	18,500	1,500	10,000	18,850
Tae Ho Sohn	Non-standing dir.	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Won Gihl Sohn	Non-standing dir.	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Nam Hong Cho	Standing director	2002.12.04	Common	10,000	9,500	500	0	18,850
Sang Chul Lee	Standing director	2002.12.04	Common	10,000	9,500	500	0	18,850
Jae Woong Lee	Standing director	2002.12.04	Common	10,000	0	500	9,500	18,850
Gae Min Lee	Standing director	2002.12.04	Common	10,000	9,500	500	0	18,850
Kwang Sun Chung	Standing director	2002.12.04	Common	10,000	0	10,000	0	18,850
Hae-Seok Suh	Standing director	2002.12.04	Common	10,000	0	500	9,500	18,850
Duk Hoon Lee	Director of related company	2002.12.04	Common	80,000	76,000	4,000	0	18,850
Jong Wook Kim	Director of related company	2002.12.04	Common	45,000	42,750	2,250	0	18,850
Jin Kyu Park	Director of related company	2002.12.04	Common	45,000	42,750	2,250	0	18,850
Jong Ku Min	Director of related company	2002.12.04	Common	30,000	0	30,000	0	18,850
Jong Hwee Lee	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Dong Myun Suh	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	18,850
Ki Shin Kim	Director of related company	2002.12.04	Common	30,000	18,000	1,500	10,500	18,850
Young Seok Kim	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Byung Kil Choi	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850

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Grantee	Relationship	Grant date	Type of stock	No. of granted options	Exercised options	Cancelled options	Exercisable options	Closing Price
Young Ho Park	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Tae Woong Chung	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Dong Chan Bae	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Dae Hwan Kim	Director of related company	2002.12.04	Common	10,000	9,500	500	0	18,850
Young Ha Kim	Director of related company	2002.12.04	Common	10,000	5,500	500	4,000	18,850
Young Yong Kim	Director of related company	2002.12.04	Common	10,000	3,500	500	6,000	18,850
Taik Su Han	Director of related company	2002.12.04	Common	10,000	9,500	500	0	18,850
Sang Im Park	Director of related company	2002.12.04	Common	10,000	0	500	9,500	18,850
Joon Ho Hahm	Director of related company	2002.12.04	Common	10,000	4,750	500	4,750	18,850
Joon Ho Lee	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Joo Sun Yeom	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	18,850
Ga Seok Chae	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	18,850
Sung Wook Park	Director of related company	2002.12.04	Common	5,000	4,750	250	0	18,850
Ki Seok Kim	Director of related company	2002.12.04	Common	5,000	0	250	4,750	18,850
Jae Ki Hong	Director of related company	2002.12.04	Common	5,000	4,750	250	0	18,850
Sam Su Pyo	Director of related company	2002.12.04	Common	40,000	38,000	2,000	0	18,850
Jung Rak Chun	Director of related company	2002.12.04	Common	30,000	0	30,000	0	18,850
Won Chul Hwang	Director of related company	2002.12.04	Common	20,000	11,000	1,000	8,000	18,850
Jong Hwee Kim	Director of related company	2002.12.04	Common	15,000	0	15,000	0	18,850
Sung Hoo Kwak	Director of related company	2002.12.04	Common	15,000	0	15,000	0	18,850
Seok Hwan Lee	Director of related company	2002.12.04	Common	15,000	0	15,000	0	18,850

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Seok Hee Hwang	Director of related company	2002.12.04	Common	40,000	0	40,000	0	18,850
Choong Wan Lee	Director of related company	2002.12.04	Common	35,000	0	35,000	0	18,850
Ki Sang Chung	Director of related company	2002.12.04	Common	30,000	0	30,000	0	18,850

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Grantee	Relationship	Grant date	Type of stock	No. of granted options	Exercised options	Cancelled options	Exercisable options	Closing Price
Ki Joong Kim	Director of related company	2002.12.04	Common	15,000	0	15,000	0	18,850
Kwang Suh Koo	Director of related company	2002.12.04	Common	15,000	0	15,000	0	18,850
In Kee Baek	Director of related company	2002.12.04		30,000	28,500	1,500	0	18,850
Seung Yang Han	Director of related company	2002.12.04		15,000	0	15,000	0	18,850
Keun Soo Yook	Director of related company	2002.12.04		15,000	0	15,000	0	18,850
Ki Jong Chung	Director of related company	2002.12.04	Common	5,000	4,750	250	0	18,850
Hun Il Nam	Director of related company	2002.12.04	Common	30,000	10,500	1,500	18,000	18,850
Young Soo Kim	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	18,850
Jin Ho Yoon	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	18,850
Seok Koo Yoon	Director of related company	2002.12.04	Common	15,000	5,250	750	9,000	18,850
Ji Yeon Joo	Director of related company	2002.12.04	Common	15,000	14,250	750	0	18,850
Ho Hyun Lee	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	18,850
Chan Kook Chung	Director of related company	2002.12.04	Common	15,000	14,250	750	0	18,850
Duk Yoon Kim	Director of related company	2002.12.04	Common	15,000	12,250	750	2,000	18,850
Young Wook Kim	Director of related company	2002.12.04	Common	15,000	9,250	750	5,000	18,850
Dae Kyu Ko	Director of related company	2002.12.04	Common	15,000	10,250	750	4,000	18,850
Total				1,560,000	959,000	420,000	181,000	-

1. Exercised options as of December 31, 2007
2. Cancelled options reflect the deductions as stipulated in the stock option agreement for failure to meet the substandard and below loan ratio target.
3. Exercise period: December 5, 2005 ~ December 4, 2008

4. Exercise Price:

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

40% of granted = 6,800 Won

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2. Related Companies

* Woori Finance Holdings stake in Woori Investment & Securities includes preferred shares.

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

As of December 31, 2007

(units: thousands of shares, millions of Won, %)

Type	Name	Beginning Balance			Changes ¹		Ending Bal.			Latest Net Income ²	Note (Equity Method Gain/Loss)
		Quantity	Share	Cost	Quantity	Cost	Quantity	Share	Cost		
DOMESTIC	Woori Bank	635,957	100.0	11,297,882		988,781	635,957	100.0	12,286,663	1,777,544	1,727,999
	Kwangju Bank	44,080	99.9	630,995		95,261	44,080	99.9	726,256	112,617	115,542
	Kyongnam Bank	51,800	99.9	794,984		128,571	51,800	99.9	923,555	160,974	161,933
	Woori Finance Info Sys.	900	100.0	11,245		-1,165	900	100.0	10,080	261	937
	Woori F&I	2,000	100.0	124,874		19,872	2,000	100.0	144,746	39,918	40,001
	Woori 3 rd SPC	2	100.0	24,317		-22,432	2	100.0	1,885	-141	-140
	Woori Investment & Securities (formerly LGIS)	46,325	35.0	649,355		86,628	46,325	35.0	735,983	213,765	97,977
	Woori CS Asset Management (formerly LGITM)	4,663	70.0	47,655		2,240	4,663	70.0	49,895	13,179	10,639
	Woori Private Equity	2,000	100.0	10,106		1,843	2,000	100.0	11,949	1,856	1,856
	Woori Financial				8,500	261,408	8,500	50.1	261,408	748	-9,017
	Foreign										
	Total	787,727		13,591,413	8,500		796,227		15,152,420	2,320,721	2,147,727

1. The changes in quantity and cost are calculated from the increase or decrease under the equity method.
2. The latest net income is for the year ended December 31, 2007, except for Woori Credit Suisse Asset Management and Woori Investment & Securities for which the latest net income is for the year ended March 31, 2007. Woori Financial's net income is calculated on a post-acquisition basis.

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

As of December 31, 2007

(units: shares, %)

Name	Relation	Type	Beginning balance		Shares Held		Ending balance		Reasons Behind Change
			Stock	Share	(+)	(-)	Stock	Share	
KDIC	Major S/H	Common	628,458,609	77.97		40,300,000	588,158,609	72.97	After - hours Trading
		Common	628,458,609	77.97		40,300,000	588,158,609	72.97	
Total		Preferred						0	
		Total	628,458,609	77.97		40,300,000	588,158,609	72.97	

Major Shareholder: KDIC

b. Share Ownership of More than 5%

As of December 31, 2007

(units: shares, %)

No.	Name	Common Stock		Preferred Stock		Total	
		No. of shares	%	No. of shares	%	No. of shares	%
1	KDIC	588,158,609	72.97			588,158,609	72.97
Total		588,158,609	72.97			588,158,609	72.97

c. Shareholder Distribution

As of December 31, 2007

Items	Shareholder		Number of shares	Ratio(%)
	number	Ratio(%)		
Total Minority Shareholders	56,271	99.99	198,688,575	24.65
Minority Shareholders (Companies)	1,242	2.21	165,459,649	20.53
Minority Shareholders (Individual)	55,029	97.79	33,228,926	4.12
Major Shareholders	1		588,158,609	72.97
Main Shareholders				
Total Other Shareholders	2		19,168,156	2.38
Others Shareholders (Companies)	1		19,155,960	2.38
Others Shareholders (Individual)				
Others	1		12,196	
Total	56,274	100.0	806,015,340	100.0

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

a. Domestic Stock Market

(units: Won, shares)

Period		July	August	September	October	November	December
Ordinary Shares	High	25,250	23,300	21,450	22,000	18,750	19,850
	Low	23,850	21,100	20,350	18,850	16,500	17,150
Monthly Trade Volume		72,806,601	75,375,877	50,057,582	83,633,748	98,992,913	70,877,118

b. Foreign Stock Market (NYSE)

(units: US Dollars, ADR)

Period		July	August	September	October	November	December
ADR	High	83.79	77.91	72.25	74.48	60.45	62.45
	Low	74.50	65.68	66.01	61.00	51.71	53.58
Monthly Trade Volume		277,700	234,600	250,300	247,100	316,100	511,600

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

Position		Name	Common Stocks		Note
			Owned (As of Dec. 31, 2007)		
Chairman and CEO	Registered	Byongwon Bahk	1,150		
Senior Managing Director	Non-Registered	Seong Mok Park			
Senior Managing Director	Non-Registered	Young-Gaeng Kim			Mr. Kim resigned as of Jan. 1, 2008 and joined Woori I&S as Senior Managing Director
Senior Managing Director	Non-Registered	Dongil Kim			Mr. Kim was newly appointed on April 25, 2007.
Non-standing Director	Registered	Pyoung Wan Har	760		
Non-standing Director	Registered	Kwang-Dong Kim	160		
Non-standing Director	Registered	Bong-Soo Park	760		
Non-standing Director	Registered	Inbong Ha	1,210		
Non-standing Director	Registered	Woon-Youl Choi	1,220		Mr. Choi resigned as of Mar. 27, 2008
Non-standing Director	Registered	Myoung-Soo Choi			

* Mr. Min Jon Bang and Mr. Hi Taek Shin were newly appointed as non-standing directors at the general shareholder s meeting on Mar. 28, 2008

2. Employee Status

As of December 31, 2007

(units: persons, thousands of Won)

Items	Staff				Average Tenure Years	Yearly Compensation	Average Compensation Per Person	Note
	Admin.	Manu.	Misc.	Total				
Male	81		1	82	2 years and 5 months	3,583,212	43,697	
Female	8		9	17	3 years and 6 months	435,764	25,633	
Total	89		10	99	2 years and 7 months	4,018,976	40,595	

3. Labor Union Membership

Items	Details	Remarks
Total Membership Base	Deputy Director and below	
Actual Members	21	
Full-time Members		
Associated Labor Union Group		
Miscellaneous		

4. Number of Professional Personnel

Items	Number	Responsibilities	Remarks
CPA	3	Financial accounting	

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

(units: millions of Won)

Name	Relation	Item	Beg.	Changes		End	Notes
				+	-		
Woori F&I	Subsidiary	Other loan	50,000	50,000			
	Total		50,000	50,000			

b. Payment Transactions

(units: shares)

Name	Relation	Item	Beginning	Transactions		Ending	Notes
				Increase	Decrease		
Woori Bank	Subsidiary	Common stock	635,956,580			635,956,580	
Kwangju Bank	Subsidiary	Common stock	44,080,000			44,080,000	
Kyongnam Bank	Subsidiary	Common stock	51,800,000			51,800,000	
Woori Finance Info Sys.	Subsidiary	Common Stock	900,000			900,000	
Woori F&I	Subsidiary	Common Stock	2,000,000			2,000,000	
Woori Third Asset Securitization Specialty	Subsidiary	Invested Shares	2,000			2,000	
Woori Investment & Securities (formerly known as LG Investment & Securities)	Subsidiary	Common Stock	46,324,981			46,324,981	
Woori CS Asset Management (formerly known as LG Investment Trust Management)	Subsidiary	Common Stock	4,663,400			4,663,400	
Woori Private Equity	Subsidiary	Common Stock	2,000,000			2,000,000	
Woori Financial	Subsidiary	Common Stock		8,499,955		8,499,955	Note
	Total		787,726,961	8,499,955		796,226,916	

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EXHIBIT A

FINANCIAL STATEMENTS

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WOORI FINANCE HOLDINGS CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

AND INDEPENDENT AUDITORS' REPORT

Audit. Tax. Consulting. Financial Advisory.

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Independent Auditors Report

English Translation of a Report Originally Issued in Korean

To Shareholders and the Board of Directors of

Woori Finance Holdings Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Woori Finance Holdings Co., Ltd. (the Company) and its subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years ended December 31, 2007 and 2006, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Woori Investment Securities Co., Ltd., a consolidated subsidiary of the Company, which statements reflect total assets constituting 6.1% ((Won)15,193 billion) and 6.1% ((Won)12,833 billion) of consolidated total assets as of December 31, 2007 and 2006, respectively, and total revenues constituting 11.6% ((Won)3,096 billion) and 14.8% ((Won) 2,839 billion) of consolidated total revenues for the years ended December 31, 2007 and 2006, respectively, and the financial statements of Woori Financial Co., Ltd., a consolidated subsidiary of the Company, which statements reflect total assets constituting 0.5% ((Won)1,154 billion) of consolidated total assets and total revenues constituting 0.6% ((Won)154 billion) of consolidated total revenues for the year ended December 31, 2007. The financial statements of Woori Investment Securities Co., Ltd. for the years ended December 31, 2007 and 2006 and Woori Financial Co., Ltd for the year ended December 31, 2007 were audited by other auditors, KPMG Samjong Accounting Corp., whose reports expressed unqualified opinions on those statements and have been furnished to us, and our opinion, insofar as it relates to the amounts included for Woori Investment Securities Co., Ltd. and Woori Financial Co., Ltd. are based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2007 and 2006, and the results of their operations, changes in shareholders' equity and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

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Our audits also comprehended the translation of the Korean won amounts into U.S. dollar amounts and in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of Korea.

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

March 7, 2008

Notice to Readers

This report is effective as of March 7, 2008, the auditors' report date. Certain subsequent events or circumstances may have occurred between this audit report date and the time the audit report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****AS OF DECEMBER 31, 2007 AND 2006**

<u>ASSETS</u>	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
Cash and due from banks (Notes 3, 18, 30, 32 and 33)	(Won) 14,984,541	(Won) 10,674,977	US\$ 15,971,585	US\$ 11,378,147
Trading securities (Notes 4, 7, 9, 11, 18 and 33)	16,228,419	12,869,717	17,297,398	13,717,456
Available-for-sale securities (Notes 5, 7, 9, 11, 18 and 33)	21,843,044	22,460,252	23,281,863	23,939,727
Held-to-maturity securities (Notes 6, 7, 9, 11, 18 and 33)	8,199,821	8,636,702	8,739,950	9,205,609
Market index funds (Notes 7 and 9)	1,397,878	2,164,637	1,489,958	2,307,223
Investments accounted for using the equity method of accounting (Notes 8, 9 and 33)	559,092	182,652	595,920	194,683
Loans, net of allowances for possible loan losses (Notes 12, 13, 32 and 33)	167,635,411	140,854,505	178,677,692	150,132,706
Fixed assets (Notes 14, 17, 18 and 33)	2,638,774	2,561,391	2,812,592	2,730,112
Other assets, net of present value discounts (Notes 16, 32 and 33)	16,133,343	11,592,497	17,196,059	12,356,104
	(Won) 249,620,323	(Won) 211,997,330	US\$ 266,063,017	US\$ 225,961,767
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>				
LIABILITIES				
Deposits (Notes 20, 32 and 33)	(Won) 146,583,312	(Won) 129,022,868	US\$ 156,238,874	US\$ 137,521,710
Borrowings (Notes 21, 32 and 33)	66,040,316	54,111,207	70,390,446	57,675,556
Other liabilities (Notes 22, 32 and 33)	21,889,695	15,438,450	23,331,587	16,455,393
	234,513,323	198,572,525	249,960,907	211,652,659
SHAREHOLDERS EQUITY				
Capital stock (Note 24)	4,030,077	4,030,077	4,295,541	4,295,541
Capital surplus	188,237	187,955	200,636	200,336
Capital adjustments (Note 24)	(55,812)	(55,854)	(59,488)	(59,533)
Accumulated other comprehensive income (Note 29)	1,843,686	2,173,342	1,965,131	2,316,502
Retained earnings	7,145,883	5,601,869	7,616,588	5,970,869
Minority interests	1,954,929	1,487,416	2,083,702	1,585,393
	15,107,000	13,424,805	16,102,110	14,309,108
	(Won) 249,620,323	(Won) 211,997,330	US\$ 266,063,017	US\$ 225,961,767

See accompanying notes to consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions, except for income per common share data)		(In thousands, except for income per common share data)	
OPERATING REVENUE INTEREST INCOME				
(Note 32):				
Interest on due from banks	(Won) 104,671	(Won) 62,635	US\$ 111,566	US\$ 66,761
Interest on trading securities	678,575	408,031	723,273	434,908
Interest on available-for-sale securities	913,049	624,750	973,192	665,903
Interest on held-to-maturity securities	429,207	468,106	457,479	498,940
Interest on loans	10,702,366	8,294,730	11,407,340	8,841,111
Other	187,919	104,413	200,297	111,291
	13,015,787	9,962,665	13,873,147	10,618,914
GAIN ON VALUATION AND DISPOSAL OF SECURITIES:				
Gain on valuation of trading securities	79,439	64,879	84,672	69,153
Gain on disposal of trading securities	512,482	264,580	546,239	282,008
Gain on redemption of available-for-sale securities	8,037	5,543	8,566	5,908
Gain on disposal of available-for-sale securities	693,746	619,114	739,444	659,896
Recovery of loss on impairment of available-for-sale securities (Note 11)	77,465	15,118	82,568	16,114
Recovery of loss on impairment of held-to-maturity securities (Note 11)	1,544	16,069	1,646	17,127
Gain on valuation of market index funds	106,953	521,929	113,998	556,309
Gain on disposal of market index funds	709,255	1,001,525	755,974	1,067,496
	2,188,921	2,508,757	2,333,107	2,674,011
GAIN ON VALUATION AND DISPOSAL OF LOANS:				
Reversal of allowances for possible loan losses (Note 12)	4,551	7,835	4,851	8,351
Gain on disposal of loans (Note 12)	23,342	13,098	24,879	13,961
	27,893	20,933	29,730	22,312
GAIN ON FOREIGN EXCHANGE:				
Gain on foreign exchange	2,898,866	2,359,730	3,089,817	2,515,167
FEES (Note 32):				
Commissions	1,689,039	1,414,475	1,800,297	1,507,648
Commissions received on credit cards	20,822	28,493	22,194	30,370
Guarantee fees	29,285	21,853	31,214	23,292

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Other	35,761	30,370	38,117	32,370
	1,774,907	1,495,191	1,891,822	1,593,680
DIVIDENDS INCOME:				
Dividends on trading securities	14,753	7,153	15,725	7,624
Dividends on available-for-sale securities	85,282	28,672	90,899	30,561
	100,035	35,825	106,624	38,185

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	2007 (In millions, except for income per common share data)	2006 (In millions, except for income per common share data)	2007 (In thousands, except for income per common share data)	2006 (In thousands, except for income per common share data)
OTHER OPERATING REVENUE (Note 32):				
Reversal of allowances for possible losses on acceptances and guarantees	(Won) 29	(Won) 303	US\$ 31	US\$ 323
Reversal of allowances for unused credit line	3,137		3,344	
Reversal of other allowances	4,424	21,392	4,715	22,801
Gain on transaction of derivatives	4,063,439	2,378,072	4,331,101	2,534,717
Gain on valuation of derivatives (Note 35)	2,256,828	945,793	2,405,487	1,008,093
Gain on fair value hedged items	151,869	34,444	161,873	36,713
Trust management fees	80,499	67,293	85,801	71,726
Other	83,491	65,577	88,991	69,897
	6,643,716	3,512,874	7,081,343	3,744,270
	26,650,125	19,895,975	28,405,590	21,206,539
OPERATING EXPENSES INTEREST EXPENSE (Note 32):				
Interest on deposits	4,971,965	3,574,405	5,299,472	3,809,854
Interest on borrowings	1,047,857	709,851	1,116,880	756,609
Interest on debentures	1,667,394	1,210,385	1,777,227	1,290,114
Interest on others	232,496	88,670	247,811	94,511
	7,919,712	5,583,311	8,441,390	5,951,088
LOSS ON VALUATION AND DISPOSAL OF SECURITIES:				
Loss on valuation of trading securities	120,183	31,578	128,099	33,658
Loss on disposal of trading securities	312,111	147,925	332,670	157,669
Loss on redemption of available-for-sale securities	39	522	42	556
Loss on disposal of available-for-sale securities	3,479	1,178	3,708	1,256
Loss on impairment of available-for-sale securities (Note 11)	453,544	2,599	483,419	2,770
Loss on valuation of market index funds	206,020	237,469	219,591	253,140
Loss on disposal of market index funds	666,199	1,197,745	710,082	1,276,642
	1,761,575	1,619,043	1,877,611	1,725,691
LOSS ON VALUATION AND DISPOSAL OF LOANS:				

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Provision for possible loan losses (Note 12)	647,289	581,427	689,926	619,726
Loss on disposal of loans (Note 12)	28,974	85,867	30,883	91,523
	676,263	667,294	720,809	711,249
LOSS ON FOREIGN EXCHANGE:				
Loss on foreign exchange (Continued)	2,634,491	2,215,151	2,808,027	2,361,065

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	2007 (In millions, except for income per common share data)	2006 (In millions, except for income per common share data)	2007 (In thousands, except for income per common share data)	2006 (In thousands, except for income per common share data)
COMMISSIONS (Note 32):				
Commissions in local currency	(Won) 154,025	(Won) 183,569	US\$ 164,171	US\$ 195,661
Commissions in foreign currencies	24,931	18,513	26,573	19,733
Commissions paid on credit cards	200,772	116,749	213,997	124,439
	379,728	318,831	404,741	339,833
OTHER OPERATING EXPENSES (Note 32):				
Salaries, employee benefits and provision for severance benefits	1,878,267	1,698,290	2,001,990	1,810,158
Rent	124,467	96,826	132,666	103,204
Entertainment expense	26,187	20,907	27,912	22,284
Depreciation and amortization (Notes 14 and 15)	378,671	270,041	403,614	287,829
Taxes and dues	147,437	155,962	157,149	166,235
Advertising	76,039	72,746	81,048	77,538
Telecommunications	58,277	53,106	62,116	56,604
Service fees	139,210	126,573	148,380	134,911
IT operating expenses	99,673	97,805	106,238	104,248
Stock compensation cost (Note 25)	1,092	344	1,164	367
Other administrative expenses	174,723	178,961	186,232	190,749
Provision for allowances for possible losses on acceptances and guarantees	58,953	31,595	62,836	33,676
Provision for allowances for unused credit line	40,458	153,582	43,123	163,699
Provision for other allowances	39,288	57,710	41,876	61,511
Loss on transaction of derivatives	4,095,540	2,409,415	4,365,316	2,568,125
Loss on valuation of derivatives (Note 35)	2,329,286	896,822	2,482,718	955,896
Loss on fair value hedged items	109,874	58,769	117,111	62,640
Deposit insurance fee	148,224	146,429	157,988	156,074
Funds contribution fee	249,516	200,711	265,952	213,932
Subsidy for trust accounts adjustment	893	1,032	952	1,100
Other expenses	64,932	16,351	69,209	17,428
	10,241,007	6,743,977	10,915,590	7,188,208
	23,612,776	17,147,607	25,168,168	18,277,134
OPERATING INCOME	3,037,349	2,748,368	3,237,422	2,929,405
NON-OPERATING INCOME (Note 26)	136,937	274,821	145,957	292,924
NON-OPERATING EXPENSES (Note 26)	129,382	109,477	137,905	116,688

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions, except for income per common share data)		(In thousands, except for income per common share data)	
INCOME BEFORE INCOME TAX EXPENSE	(Won) 3,044,904	(Won) 2,913,712	US\$ 3,245,474	US\$ 3,105,641
INCOME TAX EXPENSE (Note 27)	834,232	724,505	889,183	772,229
NET INCOME OF SUBSIDIARY BEFORE PURCHASE	8,678		9,250	
NET INCOME	(Won) 2,201,994	(Won) 2,189,207	US\$ 2,347,041	US\$ 2,333,412
CONTROLLING INTEREST	(Won) 2,026,872	(Won) 2,029,319	US\$ 2,160,384	US\$ 2,162,992
MINORITY INTEREST	175,122	159,888	186,657	170,420
	(Won) 2,201,994	(Won) 2,189,207	US\$ 2,347,041	US\$ 2,333,412
BASIC CONTROLLING NET INCOME PER COMMON SHARE (Note 28)	(Won) 2,515	(Won) 2,518	US\$ 2.681	US\$ 2.684

See accompanying notes to consolidated financial statements.

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WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Korean won	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (In millions)	Retained earnings	Minority interests	Total
January 1, 2006	(Won) 4,030,077	(Won) 142,608	(Won) (52,747)	(Won) 1,705,456	(Won) 3,896,255	(Won) 1,383,313	(Won) 11,104,962
Dividend					(322,405)	(59,128)	(381,533)
Net income					2,029,319	159,888	2,189,207
Gain on valuation of available-for-sale securities				468,337		(10,282)	458,055
Valuation using the equity method on subsidiaries				(3,705)		(8,570)	(12,275)
Overseas business translation credit				2,696	(1,331)	6,130	7,495
Valuation on derivative instruments				(210)		138	(72)
Extinguishment of subsidiaries treasury stock		4,336				(4,336)	
Acquisition of subsidiaries treasury stock			(3,107)			(7,065)	(10,172)
Disposal of ownership interest of subsidiaries		37,801		768		18,627	57,196
Gain on sale of subsidiaries treasury stock		3,214				7,309	10,523
Changes in minority interests						1,392	13,92
Others		(4)			31		27
December 31, 2006	(Won) 4,030,077	(Won) 187,955	(Won) (55,854)	(Won) 2,173,342	(Won) 5,601,869	(Won) 1,487,416	(Won) 13,424,805

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WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN

SHAREHOLDERS EQUITY (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Korean won	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (In millions)	Retained earnings	Minority interests	Total
January 1, 2007	(Won) 4,030,077	(Won) 187,955	(Won) (55,854)	(Won) 2,173,342	(Won) 5,601,869	(Won) 1,487,416	(Won) 13,424,805
Dividend					(483,608)	(83,336)	(566,944)
Net income					2,026,872	175,122	2,201,994
Changes in subsidiaries							
capital surplus		357				355	712
Gain on valuation of available-for-sale securities				(325,879)		54,283	(271,596)
Valuation using the equity method on subsidiaries				(2,159)		(3,440)	(5,599)
Overseas business translation credit				1,351	750	3,072	5,173
Valuation on derivative instruments				(2,969)		(1,651)	(4,620)
Changes in minority interests						323,066	323,066
Others		(75)	42			42	9
December 31, 2007	(Won) 4,030,077	(Won) 188,237	(Won) (55,812)	(Won) 1,843,686	(Won) 7,145,883	(Won) 1,954,929	(Won) 15,107,000

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Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN****SHAREHOLDERS EQUITY (CONTINUED)****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Translation into				Accumulated other			
U.S. dollars (Note 2)	Capital stock	Capital surplus	Capital adjustments	comprehensive income (In thousands)	Retained earnings	Minority interests	Total
January 1, 2006	US\$ 4,295,541	US\$ 152,002	US\$ (56,221)	US\$ 1,817,796	US\$ 4,152,904	US\$ 1,474,433	US\$ 11,836,455
Dividend					(343,642)	(63,023)	(406,665)
Net income					2,162,992	170,420	2,333,412
Gain on valuation of available-for-sale securities				499,187		(10,959)	488,228
Valuation using the equity method on subsidiaries				(3,949)		(9,135)	(13,084)
Overseas business translation credit				2,874	(1,419)	6,534	7,989
Valuation on derivative instruments				(225)		147	(78)
Extinguishment of subsidiaries treasury stock		4,622				(4,622)	
Acquisition of subsidiaries treasury stock			(3,312)			(7,530)	(10,842)
Disposal of ownership interest of subsidiaries		40,291		819		19,854	60,964
Gain on sale of subsidiaries treasury stock		3,425				7,790	11,215
Changes in minority interests						1,484	1,484
Others		(4)			34		30
December 31, 2006	US\$ 4,295,541	US\$ 200,336	US\$ (59,533)	US\$ 2,316,502	US\$ 5,970,869	US\$ 1,585,393	US\$ 14,309,108

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Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN****SHAREHOLDERS EQUITY (CONTINUED)****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Translation into				Accumulated other			
U.S. dollars (Note 2)	Capital stock	Capital surplus	Capital adjustments	comprehensive income (In thousands)	Retained earnings	Minority interests	Total
January 1, 2007	US\$ 4,295,541	US\$ 200,336	US\$ (59,533)	US\$ 2,316,502	US\$ 5,970,869	US\$ 1,585,393	US\$ 14,309,108
Dividend					(515,464)	(88,825)	(604,289)
Net income					2,160,384	186,657	2,347,041
Changes in subsidiaries capital surplus		381				378	759
Gain on valuation of available-for-sale securities				(347,345)		57,859	(289,486)
Valuation using the equity method on subsidiaries				(2,301)		(3,667)	(5,968)
Overseas business translation credit				1,440	799	3,274	5,513
Valuation on derivative instruments				(3,165)		(1,760)	(4,925)
Changes in minority interests						344,347	344,347
Others		(81)	45			46	10
December 31, 2007	US\$ 4,295,541	US\$ 200,636	US\$ (59,488)	US\$ 1,965,131	US\$ 7,616,588	US\$ 2,083,702	US\$ 16,102,110

See accompanying notes to consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	(Won) 2,201,994	(Won) 2,189,207	US\$ 2,347,041	US\$ 2,333,412
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Loss on valuation of trading securities	120,183	31,578	128,099	33,658
Loss on impairment of available-for-sale securities	453,544	2,599	483,419	2,770
Loss on valuation of market index funds	206,020	237,496	219,591	253,140
Provision for possible loan losses	647,289	581,427	689,926	619,726
Provision for severance benefits	158,210	127,615	168,632	136,021
Depreciation and amortization	378,671	270,041	403,614	287,829
Stock-based compensation	1,092	344	1,164	367
Provision for allowances for possible losses on acceptances and guarantees	58,953	31,595	62,836	33,676
Provision for allowances for unused credit line	40,458	153,582	43,123	163,699
Provision for other allowances	39,288	57,710	41,876	61,511
Loss on transaction of derivatives	4,095,540	2,409,415	4,365,316	2,568,125
Loss on valuation of derivatives	2,329,286	896,822	2,482,718	955,896
Loss on fair value hedged items	109,874	58,769	117,111	62,640
Loss on valuation using the equity method of accounting	20,877	16,377	22,263	17,456
Loss on disposal of fixed assets	1,694	4,813	1,806	5,130
Loss on impairment of fixed assets	3,273	269	3,489	287
Loss on impairment of intangible assets	580		619	
Loss on impairment of other assets	1,805		1,924	
Gain on valuation of trading securities	(79,439)	(64,879)	(84,672)	(69,153)
Reversal of loss on impairment of available-for-sale securities	(77,465)	(15,118)	(82,568)	(16,114)
Reversal of loss on impairment of held-to-maturity securities	(1,544)	(16,069)	(1,646)	(17,127)
Gain on valuation of market index funds	(106,953)	(521,929)	(113,998)	(556,309)
Reversal of allowances for possible loan losses	(4,551)	(7,835)	(4,851)	(8,351)
Reversal of allowances for possible losses on acceptances and guarantees	(29)	(303)	(31)	(323)
Reversal of allowances for unused credit line	(3,137)		(3,344)	
Reversal of other allowances	(4,424)	(21,392)	(4,715)	(22,801)
Gain on transaction of derivatives	(4,063,439)	(2,378,072)	(4,331,101)	(2,534,717)
Gain on valuation of derivatives	(2,256,828)	(945,793)	(2,405,487)	(1,008,093)
Gain on fair value hedged items	(151,869)	(34,444)	(161,873)	(36,713)
Gain on valuation using the equity method of accounting	(43,500)	(44,750)	(46,365)	(47,698)
Gain on disposal of fixed assets	(1,356)	(3,382)	(1,445)	(3,605)
Gain on disposal of other assets	(205)	(673)	(218)	(717)
Reversal of negative goodwill	(139)	(241)	(148)	(257)
Other non-operating income		(135,912)		(144,865)

1,871,769

689,660

1,995,064

735,088

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WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
Changes in operating assets and liabilities:				
Decrease in present value discounts	(Won) (3,938)	(Won) (4,192)	US\$ (4,197)	US\$ (4,468)
Increase in trading securities	(3,399,446)	(51,87,032)	(3,623,370)	(5,528,706)
Decrease (increase) in market index funds	667,692	(591,551)	711,673	(630,517)
Increase in available-for-sale securities	(4,187)	(3,047,432)	(4,463)	(3,248,169)
Decrease in held-to-maturity securities	438,425	1,141,178	467,304	1,216,348
Increase in loans	(26,600,121)	(34,518,858)	(28,352,293)	(36,792,643)
Increase in guarantee deposits	(110,496)			