

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

September 03, 2004

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 September 2004

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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

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

Yes _____ No X

WOORI FINANCE HOLDINGS CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants Review Report

To the Board of Directors and Shareholders of

Woori Finance Holdings Co., Ltd.

We have reviewed the accompanying consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) and its subsidiaries as of June 30, 2004 and the related 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 statement in the Republic of Korea. The 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 the 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 such consolidated interim financial statements are not presented fairly, in all material respects, in accordance with the financial accounting standards and accounting standards for consolidated financial statements in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2003 and the related consolidated statements of income, stockholders equity 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 consolidated financial statements. The accompanying consolidated balance sheet as of December 31, 2003 comparatively presented herein does not differ, in material respects, from such audited consolidated balance sheet.

- 4 -

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

Without affecting our conclusion, we draw attention to the followings;

As explained in Notes 1 and 29 to the accompanying 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 30 to the accompanying 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 consolidated 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 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 29, 2004

Notice to Readers

This report is effective as of July 29, 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.

- 5 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

(See Independent Accountants' Review Report.)

	Korean won		US dollars (Note 2)	
	Jun.30, 2004	Dec. 31, 2003	Jun.30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
ASSETS				
Cash and due from banks (Notes 3, 12, 22 and 23)	(Won) 6,179,574	(Won) 6,471,855	US\$ 5,361,886	US\$ 5,615,492
Trading securities (Notes 4 and 12)	3,900,971	2,727,843	3,384,790	2,366,892
Available-for-sale securities (Notes 5, 8, 12, 26 and 27)	13,955,770	14,144,478	12,109,128	12,272,866
Held-to-maturity securities (Notes 6, 8, 12 and 27)	9,508,295	9,991,914	8,250,148	8,669,774
Investments accounted for using the equity method of accounting (Note 7)	92,513	142,442	80,272	123,594
Loans, net of allowances for possible loan losses (Notes 9, 23, 26 and 27)	88,918,833	86,077,297	77,153,000	74,687,459
Fixed assets (Note 10)	2,750,168	2,734,616	2,386,263	2,372,769
Other assets, net of present value discounts (Notes 11 and 23)	7,199,853	6,477,275	6,247,161	5,620,195
	<u>(Won) 132,505,977</u>	<u>(Won) 128,767,720</u>	<u>US\$ 114,972,648</u>	<u>US\$ 111,729,041</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Deposits (Notes 13 and 23)	(Won) 91,412,238	(Won) 89,049,625	US\$ 79,316,475	US\$ 77,266,486
Borrowings (Notes 14 and 23)	12,279,342	12,813,104	10,654,527	11,117,661
Debentures, net of discounts and reconciliation for conversion right, and plus redemption premium and long-term accrued interest (Notes 15 and 23)	13,497,520	12,195,159	11,711,514	10,581,483
Other liabilities (Notes 16 and 23)	9,045,850	9,011,532	7,848,894	7,819,116
	<u>126,234,950</u>	<u>123,069,420</u>	<u>109,531,410</u>	<u>106,784,746</u>
SHAREHOLDERS' EQUITY				
Common stock (Note 17)	3,920,381	3,877,525	3,401,632	3,364,447
Capital surplus	187,910	57,844	163,046	50,190
	<u>1,247,253</u>	<u>1,152,053</u>	<u>1,082,215</u>	<u>999,612</u>

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

Retained earnings (Net income of (Won)174,309 million and (Won)56,279 million for the six months ended June 30, 2004 and for the year ended December 31, 2003, respectively)

Capital adjustments	909,203	414,969	788,896	360,060
Minority interests	6,280	195,909	5,449	169,986
	<u>6,271,027</u>	<u>5,698,300</u>	<u>5,441,238</u>	<u>4,944,295</u>
	<u>(Won) 132,505,977</u>	<u>(Won) 128,767,720</u>	<u>US\$ 114,972,648</u>	<u>US\$ 111,729,041</u>

See accompanying notes to consolidated interim financial statements.

- 6 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

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 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)			
OPERATING REVENUE								
INTEREST INCOME (Note 23):								
Interest on due from banks	(Won) 6,015	(Won) 14,836	(Won) 11,848	(Won) 22,799	US\$ 5,219	US\$ 12,873	US\$ 10,280	US\$ 19,782
Interest and dividends on trading securities	33,061	66,536	37,309	73,937	28,686	57,732	32,372	64,154
Interest and dividends on available-for-sale securities	54,958	268,527	521,855	713,621	47,686	232,995	452,803	619,194
Interest and dividends on held-to-maturity securities	275,710	465,430	102,946	426,816	239,228	403,844	89,324	370,339
Interest on loans	1,343,350	2,728,950	1,314,875	2,526,116	1,165,597	2,367,852	1,140,889	2,191,858
Other	19,596	35,484	26,075	47,169	17,003	30,790	22,626	40,927
	1,732,690	3,579,763	2,014,908	3,810,458	1,503,419	3,106,086	1,748,294	3,306,254
FEE INCOME (Note 23):								
Commissions	162,960	315,050	156,851	304,223	141,397	273,362	136,096	263,968
Commissions received on credit cards	159,939	241,887	127,310	285,765	138,776	209,880	110,464	247,952
Guarantee fees	15,477	23,108	5,960	12,009	13,429	20,050	5,171	10,420
Other	6,447	11,940	7,047	11,990	5,594	10,361	6,115	10,404

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

344,823	591,985	297,168	613,987	299,196	513,653	257,846	532,744
---------	---------	---------	---------	---------	---------	---------	---------

(continued)

- 7 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

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, except for income per common share data)				(In thousands, except for income per common share data)			
OTHER OPERATING REVENUE (Note 23):								
Gain on trading securities	(Won) 22,521	(Won) 74,848	(Won) 41,412	(Won) 67,380	US\$ 19,541	US\$ 64,944	US\$ 35,932	US\$ 58,464
Gain on redemption of available-for-sale securities	24,172	44,288	22,436	29,148	20,974	38,428	19,467	25,291
Gain on securitized assets	324	2,257	5,055	12,581	281	1,958	4,386	10,916
Gain on foreign exchange	99,924	369,480	93,635	203,490	86,702	320,590	81,245	176,564
Gain on derivatives	506,911	1,177,317	154,533	390,482	439,836	1,021,533	134,085	338,813
Trust management fees	11,123	22,307	12,733	28,769	9,651	19,355	11,048	24,962
Reversal of allowance for possible losses	13,806	83,174	2,516	67,962	11,979	72,168	2,183	58,969
Other	1,061	2,658	20,803	28,454	920	2,307	18,051	24,690
	679,842	1,776,329	353,123	828,266	589,884	1,541,283	306,397	718,669
	2,757,355	5,948,077	2,665,199	5,252,711	2,392,499	5,161,022	2,312,537	4,557,667

OPERATING
EXPENSES
INTEREST
EXPENSE (Note
23):

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

Interest on deposits	(646,974)	(1,301,568)	(693,611)	(1,388,531)	(561,366)	(1,129,343)	(601,832)	(1,204,799)
Interest on borrowings	(81,506)	(170,660)	(99,614)	(197,383)	(70,721)	(148,078)	(86,433)	(171,265)
Interest on debentures	(171,921)	(340,915)	(164,434)	(330,764)	(149,172)	(295,805)	(142,676)	(286,997)
Interest on others	(13,106)	(30,239)	(17,413)	(28,249)	(11,372)	(26,238)	(15,109)	(24,511)
	<u>(913,507)</u>	<u>(1,843,382)</u>	<u>(975,072)</u>	<u>(1,944,927)</u>	<u>(792,631)</u>	<u>(1,599,464)</u>	<u>(846,050)</u>	<u>(1,687,572)</u>

(continued)

- 8 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

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, except for income per common share data)				(In thousands, except for income per common share data)			
OTHER OPERATING EXPENSES (Note 23):								
Commissions	(Won) (44,087)	(Won) (104,489)	(Won) (64,684)	(Won) (127,932)	US\$ (38,253)	US\$ (90,663)	US\$ (56,125)	US\$ (111,004)
Loss on trading securities	(45,036)	(52,567)	(480)	(40,456)	(39,077)	(45,611)	(416)	(35,103)
Loss on redemption of available-for-sale securities	(644)	(677)	(22,845)	(25,352)	(559)	(587)	(19,822)	(21,997)
Loss on foreign exchange	(124,525)	(358,672)	(84,935)	(167,818)	(108,048)	(311,212)	(73,696)	(145,612)
Loss on derivatives	(452,088)	(1,123,917)	(124,615)	(353,786)	(392,267)	(975,199)	(108,126)	(306,973)
Subsidy for trust accounts adjustment	(947)	(947)			(822)	(822)		
Loss on securitized assets		(425)				(369)		
Provision for possible losses	(222,641)	(1,034,930)	(718,078)	(1,234,435)	(193,181)	(897,987)	(623,061)	(1,071,093)
Salaries, employee benefits and provision for severance benefits	(283,723)	(586,969)	(280,089)	(560,503)	(246,180)	(509,301)	(243,027)	(486,337)
Rent	(12,776)	(35,906)	(19,682)	(39,671)	(11,085)	(31,155)	(17,078)	(34,422)
Expenditure for business purpose	(10,394)	(13,333)	(2,373)	(5,480)	(9,019)	(11,569)	(2,059)	(4,755)
Depreciation and amortization	(55,967)	(106,508)	(49,843)	(94,905)	(48,561)	(92,415)	(43,248)	(82,347)
Taxes and dues	(20,194)	(52,419)	(20,235)	(37,624)	(17,522)	(45,483)	(17,557)	(32,646)
Advertising	(9,974)	(18,791)	(12,931)	(22,654)	(8,654)	(16,305)	(11,220)	(19,656)
Telecommunications	(13,330)	(24,865)	(11,186)	(21,405)	(11,566)	(21,575)	(9,706)	(18,573)
Service fees	(21,394)	(41,651)	(21,874)	(43,656)	(18,563)	(36,140)	(18,980)	(37,879)

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

IT operating expenses	(30,080)	(48,758)	(14,285)	(17,958)	(26,100)	(42,306)	(12,395)	(15,582)
-----------------------	----------	----------	----------	----------	----------	----------	----------	----------

(continued)

- 9 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

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, except for income per common share data)				(In thousands, except for income per common share data)			
Director compensation (Note 18)	(Won) (346)	(Won) (697)	(Won) (480)	(Won) (886)	US\$ (300)	US\$ (605)	US\$ (416)	US\$ (700)
Other administrative expenses	(18,899)	(53,168)	(35,726)	(70,533)	(16,398)	(46,132)	(30,999)	(61,200)
Other expense	(66,195)	(127,722)	(60,651)	(119,843)	(57,437)	(110,821)	(52,626)	(103,900)
	(1,433,240)	(3,787,411)	(1,544,992)	(2,984,897)	(1,243,592)	(3,286,257)	(1,340,557)	(2,589,900)
	(2,346,747)	(5,630,793)	(2,520,064)	(4,929,824)	(2,036,223)	(4,885,721)	(2,186,607)	(4,277,500)
OPERATING INCOME	410,608	317,284	145,135	322,887	356,276	275,301	125,930	280,100
NON-OPERATING INCOME (Note 19)	128,293	183,492	304,361	489,062	111,317	159,212	264,088	424,300
NON-OPERATING EXPENSES (Note 19)	(108,123)	(213,441)	(59,599)	(199,267)	(93,816)	(185,198)	(51,713)	(172,900)
ORDINARY INCOME	430,778	287,335	389,897	612,682	373,777	249,315	338,305	531,600
EXTRAORDINARY GAINS (LOSSES)								
INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS	430,778	287,335	389,897	612,682	373,777	249,315	338,305	531,600
	(103,830)	(115,093)	(72,851)	(121,814)	(90,091)	(99,864)	(63,211)	(105,600)

COME TAX
PENSE (Note 20)

COME BEFORE MINORITY INTERESTS	326,948	172,242	317,046	490,868	283,686	149,451	275,094	425,9
--------------------------------------	---------	---------	---------	---------	---------	---------	---------	-------

(continued)

- 10 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

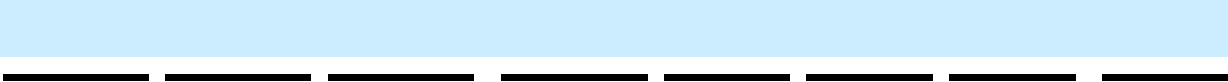
CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

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, except for income per common share data)				(In thousands, except for income per common share data)			
MINORITY INTERESTS, NET	(Won) 3,387	(Won) 2,067	(Won) (1,223)	(Won) 6,174	US\$ 2,939	US\$ 1,793	US\$ (1,061)	US\$ 5,357
NET INCOME	(Won) 330,335	(Won) 174,309	(Won) 315,823	(Won) 497,042	US\$ 286,625	US\$ 151,244	US\$ 274,033	US\$ 431,273
BASIC ORDINARY INCOME PER COMMON SHARE (Note 21)	(Won) 425	(Won) 225	(Won) 411	(Won) 647	US\$ 0.369	US\$ 0.195	US\$ 0.357	US\$ 0.561
BASIC NET INCOME PER COMMON SHARE (Note 21)	(Won) 425	(Won) 225	(Won) 411	(Won) 647	US\$ 0.369	US\$ 0.195	US\$ 0.357	US\$ 0.561
DILUTED ORDINARY INCOME PER COMMON SHARE (Note 21)	(Won) 416	(Won) 222	(Won) 397	(Won) 636	US\$ 0.361	US\$ 0.193	US\$ 0.344	US\$ 0.552
DILUTED NET INCOME PER COMMON	(Won) 416	(Won) 222	(Won) 397	(Won) 636	US\$ 0.361	US\$ 0.193	US\$ 0.344	US\$ 0.552

SHARE (Note
21)



See accompanying notes to consolidated interim financial statements.

- 11 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

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)			
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	(Won) 330,335	(Won) 174,309	(Won) 315,823	(Won) 497,042	US\$ 286,625	US\$ 151,244	US\$ 274,033	US\$ 431,273
Adjustments to reconcile net income to net cash provided by operating activities:								
Loss on trading securities	45,036	52,567	480	40,456	39,077	45,611	416	35,103
Loss on redemption of available-for-sale securities	644	677	22,845	25,352	559	587	19,822	21,997
Loss on derivatives	452,088	1,123,917	124,615	353,786	392,267	975,199	108,126	306,973
Provision for possible losses	222,641	1,034,930	718,078	1,234,435	193,181	897,987	623,061	1,071,093
Interest expense (without cash outflows)	720	1,554	693	730	626	1,349	602	633
Provision for severance benefits	20,497	47,072	20,155	48,317	17,785	40,843	17,488	41,924
Depreciation and amortization	55,967	106,508	49,843	94,905	48,561	92,415	43,248	82,347
Stock	346	697	480	886	300	605	416	769

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

compensation cost								
Loss on disposal of tangible assets	534	1,724	574	882	463	1,496	498	765
Loss on valuation using the equity method of accounting	4,405				3,822			
Loss on disposal of available-for-sale securities	1,134	3,064	5,045	16,899	984	2,659	4,377	14,663
Loss on impairment of available-for-sale securities	62,724	84,300	14,261	52,644	54,424	73,145	12,374	45,678
Loss on impairment of held-to-maturity securities	24,089	25,191	10,738	10,738	20,902	21,858	9,317	9,317

(continued)

- 12 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
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)							
Loss on sale of loans	(Won)	(Won)	(Won)	7,507	(Won)	38,719	US\$	US\$	US\$	6,514	US\$	33,596
Loss on valuation of investment in funds						1,250						1,085
Loss on impairment of intangible assets						37,052						32,149
Minority interests gain				1,223							1,061	
Gain on trading securities	(22,521)	(74,848)	(41,412)	(67,380)	(19,541)	(64,944)	(35,932)	(58,464)				
Gain on redemption of available-for-sale securities	(24,172)	(44,288)	(22,436)	(29,148)	(20,974)	(38,428)	(19,467)	(25,291)				
Gain on derivatives	(506,911)	(1,177,317)	(154,533)	(390,482)	(439,836)	(1,021,533)	(134,085)	(338,813)				
Reversal of allowance for possible losses	(13,806)	(83,174)	(2,516)	(67,962)	(11,979)	(72,168)	(2,183)	(58,969)				
Gain on disposal of tangible assets	(17,462)	(17,534)	(5,461)	(15,370)	(15,151)	(15,214)	(4,738)	(13,336)				
Gain on valuation using the equity method of accounting		(6,299)	(15,176)	(20,973)		(5,466)	(13,168)	(18,198)				
Gain on disposal of available-for-sale securities	(62,313)	(72,647)	(30,380)	(56,525)	(54,068)	(63,034)	(26,360)	(49,046)				
Reversal of loss on impairment of		(9,461)	(159,870)	(230,931)		(8,209)	(138,716)	(200,374)				

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

available-for-sale
securities

Reversal of loss on impairment of held-to-maturity securities		(1,900)	(1,323)	(2,254)		(1,649)	(1,148)	(1,956)
Gain on valuation of investment in funds			(3,145)				(2,729)	
Gain on sale of loans	(820)	(820)	(32,430)	(83,654)	(711)	(711)	(28,139)	(72,585)
Minority interests loss	(3,387)	(2,067)		(6,174)	(2,939)	(1,793)		(5,357)
	<u>239,433</u>	<u>991,846</u>	<u>507,855</u>	<u>986,198</u>	<u>207,752</u>	<u>860,605</u>	<u>440,655</u>	<u>855,703</u>

(continued)

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
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)				
Changes in operating assets and liabilities:									
Decrease in present value discounts	(Won) (25,394)	(Won) (33,296)	(Won) (15,767)	(Won) (49,815)	US\$ (22,034)	US\$ (28,890)	US\$ (13,681)	US\$ (43,223)	
Decrease (increase) in guarantee deposits	608	(7,178)	174,028	158,115	528	(6,228)	151,000	137,193	
Increase in other accounts receivable	(1,204,908)	(946,257)	(206,619)	(290,467)	(1,045,473)	(821,047)	(179,279)	(252,032)	
Decrease (increase) in accrued income	20,943	196,974	23,247	(114,653)	18,172	170,910	20,171	(99,482)	
Decrease in prepaid expenses	29,200	4,319	37,066	9,085	25,336	3,748	32,161	7,883	
Decrease in deferred income tax assets	98,880	107,561	62,310	107,741	85,796	93,328	54,065	93,485	
Decrease (increase) in accounts receivable on disposal of assets	1,245	1,245	1,407	(10,670)	1,080	1,080	1,221	(9,258)	

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

Decrease (increase) in domestic exchange settlements debits	153,908	(37,155)	(123,428)	45,359	133,543	(32,238)	(107,096)	39,357
Decrease (increase) in sundry assets	114,443	(39,065)	114,862	105,513	99,300	(33,896)	99,663	91,551
Payment of accrued severance benefits	(6,721)	(15,356)	(2,187)	(4,749)	(5,832)	(13,324)	(1,898)	(4,121)
Decrease in deposits in employee retirement trust	958	2,318	5,971	667	831	2,011	5,181	579
Decrease in transfers to the National Pension Fund	48	58	3	23	42	50	3	20

(continued)

- 14 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
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)			
Decrease in								
allowance								
for possible								
losses on								
confirmed								
acceptances								
and								
guarantees	(Won)	(Won)	(Won)	(Won)	(6,356) US\$	US\$	US\$	US\$ (5,515)
Increase								
(decrease) in								
other								
allowances	1,773	67,068	(196,056)	(247,972)	1,538	58,193	(170,114)	(215,160)
Decrease in								
foreign								
exchange								
remittance								
pending	(69,078)	(151,584)	(103,549)	(91,790)	(59,938)	(131,526)	(89,847)	(79,644)
Increase in								
domestic								
exchange								
remittance								
pending	372,604	248,460	478,422	654,653	323,301	215,584	415,117	568,029
Decrease in								
borrowings								
from trust								
accounts	(542,180)	(1,422,006)	(29,814)	(64,200)	(470,438)	(1,233,845)	(25,869)	(55,705)
	1,378,489	1,320,256	(149,274)	(8,827)	1,196,086	1,145,558	(129,522)	(7,659)

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

Increase (decrease) in accounts payable								
Increase (decrease) in accrued expenses	64,386	20,676	19,759	(10,583)	55,866	17,940	17,144	(9,183)
Increase (decrease) in income tax payable	(3,321)	(3,379)	3,401	(1,876)	(2,882)	(2,932)	2,951	(1,628)
Increase (decrease) in unearned revenue	3,157	(7,437)	(4,560)	(12,670)	2,739	(6,453)	(3,957)	(10,993)
Decrease in deposits for letter of guarantees and others	(31,127)	(25,020)	(74)	(15,880)	(27,008)	(21,709)	(64)	(13,779)
Increase (decrease) in deferred income taxes liabilities	(761)	(4,198)	1,005	1,504	(660)	(3,643)	872	1,305
Increase (decrease) in accounts for agency businesses	(712)	(8,998)	15,692	(30,609)	(618)	(7,807)	13,616	(26,559)
Increase (decrease) in liabilities incurred by agency relationship	(716,631)	(30,579)	(1,037,679)	72,932	(621,806)	(26,533)	(900,372)	63,282

(continued)

- 15 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

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)			
Increase (decrease) in dry liabilities	(Won) (98,008)	(Won) (30,765)	(Won) 152,586	(Won) 136,412	US\$ (85,039)	US\$ (26,694)	US\$ 132,397	US\$ 118,300
	(458,199)	(793,338)	(779,248)	330,887	(397,570)	(688,363)	(676,137)	287,100
Cash provided by operating activities	111,569	372,817	44,430	1,814,127	96,807	323,486	38,551	1,574,000
CASH FLOWS FROM INVESTING ACTIVITIES:								
Increase in investing securities	(54,970)	(1,150,847)	(360,794)	(594,596)	(47,696)	(998,566)	(313,053)	(515,900)
Decrease in available-for-sale securities	1,521,788	770,898	2,899,487	631,382	1,320,423	668,892	2,515,824	547,800
Decrease (increase) in held-to-maturity securities	83,776	460,328	143,351	(177,054)	72,691	399,417	124,383	(153,600)
Decrease (increase) in securities accounted for using the equity method of accounting	52,319	54,725	6,549	(2,402)	45,396	47,484	5,682	(2,000)
Increase in loans	(2,780,107)	(3,853,212)	(4,188,240)	(9,044,090)	(2,412,240)	(3,343,351)	(3,634,048)	(7,847,300)
Decrease (increase) in tangible assets	37,003	(25,304)	(48,349)	37,039	32,107	(21,956)	(41,951)	32,100
Increase in tangible assets	(35,586)	(59,578)	(29,181)	(44,555)	(30,877)	(51,695)	(25,320)	(38,600)

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

decrease (increase) in leased assets	(31,886)	(21,137)	36	6,497	(27,668)	(18,340)	30	5,6
decrease in non-operating assets		178		983		154		8
decrease in operating lease assets	170	170	2,020	3,508	148	148	1,753	3,0
decrease in intangible assets	590,293	1,208,651	105,926	308,970	512,184	1,048,721	91,910	268,0
decrease in intangible liabilities	(492,959)	(1,035,668)	(104,001)	(321,428)	(427,730)	(898,627)	(90,239)	(278,8
cash used in investing activities	(1,110,159)	(3,650,796)	(1,573,196)	(9,195,746)	(963,262)	(3,167,719)	(1,365,029)	(7,978,9

(continued)

- 16 -

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
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	Six months ended	Three months ended	Six months ended	Three months ended	Six months ended	Three months ended	Six months ended
	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	(In millions)				(In thousands)			
CASH FLOWS FROM FINANCING ACTIVITIES:								
Net increase in deposits	(Won) 1,875,769	(Won) 2,362,613	(Won) 3,418,446	(Won) 6,669,626	US\$ 1,627,565	US\$ 2,049,990	US\$ 2,966,114	US\$ 5,787,099
Net decrease in borrowings	(1,112,456)	(533,762)	(450,056)	(235,667)	(965,255)	(463,134)	(390,504)	(204,488)
Net increase (decrease) in investments in local currency	962,651	1,205,367	(976,251)	(555,265)	835,272	1,045,872	(847,072)	(481,792)
Net increase (decrease) in investments in foreign currencies	(102,136)	95,440	110,835	685,768	(88,621)	82,811	96,169	595,020
Issuance of new shares			38,445	38,451			33,358	33,362
Payment of dividends	(77,550)	(77,550)		(57,261)	(67,289)	(67,289)		(49,688)
Share issuance cost	(16)	(16)	(29)	(30)	(14)	(14)	(25)	(25)
Net increase in discount on stock issuance		(3,849)	(11)	(971)		(3,340)	(10)	(842)
Acquisition of treasury stocks by a subsidiary	(39,702)	(44,781)	(2,081)	(4,245)	(34,448)	(38,856)	(1,806)	(3,688)
Net decrease in minority interests	(5,190)	(17,764)	(6,124)	(7,227)	(4,503)	(15,413)	(5,314)	(6,272)
Net cash provided by financing activities	1,501,370	2,985,698	2,133,174	6,533,179	1,302,707	2,590,627	1,850,910	5,668,700

CHANGES IN CONSOLIDATED ENTITIES			(14)	(14)			(12)	(12)
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	502,780	(292,281)	604,394	(848,454)	436,252	(253,606)	524,420	(736,180)
CASH AND DUE FROM BANKS, BEGINNING OF THE PERIOD	5,676,794	6,471,855	5,116,004	6,568,852	4,925,634	5,615,492	4,439,049	5,699,655
CASH AND DUE FROM BANKS, END OF THE PERIOD	(Won) 6,179,574	(Won) 6,179,574	(Won) 5,720,398	(Won) 5,720,398	US\$ 5,361,886	US\$ 5,361,886	US\$ 4,963,469	US\$ 4,963,469

See accompanying notes to consolidated interim financial statements.

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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 amounts 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 shares of the Company's common shares as of June 30, 2004.

The Company registered its securities 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) Consolidated subsidiaries

1) General information pertaining to the Company's consolidated 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 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).

- 18 -

- b. For the three-month period ended March 31, 2004, Woori Bank acquired 231 common shares of PT. Bank Woori Indonesia which represents a 13.6% ownership interest in the 2nd-tier subsidiary of the Company.
- c. For the three-month period ended June 30, 2004, the Company acquired 15,584,113 common shares of Woori Securities Co., Ltd. which represents a 47.3% ownership interest in the subsidiary of the Company (Note 30).
- 2) 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	December 31
		Woori America Bank (WAB)	8,500,000	100.0	December 31
	Woori F&I Co., Ltd.	PT. Bank Woori Indonesia (BWI)	1,618	95.2	December 31
		Woori CA Asset Management Co., Ltd. (WCAAMC)	408,000	51.0	December 31

- (3) Affiliates accounted for by using the equity method of accounting
- 1) General information pertaining to the entities accounted for using the equity method does not differ materially from that as of December 31, 2003 except for set forth below:
- a. WF&I acquired 30% of the common shares of Woori SB First Asset Securitization Specialty Co., Ltd. (WSBASS1) as of March 31, 2004. WSBASS1 was established on March 18, 2004 as an asset securitization specialty company in accordance with the Act on Asset-Backed Securitization, and is engaged in the issuance of asset backed securities based on securitization assets acquired from Woori Bank, and the collection, management, operation, and disposition of the securitization assets. As of June 30, 2004, common stock of WSBASS1 amounts to (Won)1,500 million (US\$ 1,302 thousand) consisting of 300,000 shares issued and outstanding. WF&I and CRT8 YUGEN KAISHA (CRT8) own 30% and 70%, respectively, of WSBASS1.
- b. For the three-month period ended June 30, 2004, Woori Bank disposed of 8,708,751 shares of Byucksan E&C Co., Ltd. (Byucksan E&C). Therefore, the ownership interest in Byucksan E&C of Woori Bank and Kyongnam Bank decreased from 30.6% to 7.5% as of June 30, 2004. Accordingly, the equity method of accounting was discontinued for the valuation of its investment in Bucksan E&C and the investment was reclassified to available-for-sale securities.
- 2) The entities accounted for using the equity method of accounting by the subsidiaries of the Company as of June 30, 2004 are summarized as follows:

Investors	Investees	Number of shares owned	Percentage of owner- ship (%)	Fiscal year end
Woori Bank and Kyongnam Bank	BC Card Co., Ltd. (BC Card)	1,303,920	29.6	December 31
Woori Bank	Korea Finance Security Co., Ltd. (Korea Finance Security)	233,000	16.7	March 31
Woori F&I Co., Ltd.	Woori LB First Asset Securitization Specialty Co., Ltd.(*3)	15,000	30.0	June 30 (*1)
	Woori LB Second Asset Securitization Specialty Co., Ltd.(*3)	66,000	30.0	June 30(*1)
	Woori LB Third Asset Securitization Specialty Co., Ltd.(*3)	264,000	30.0	June 30(*1)
	Woori LB Fourth Asset Securitization Specialty Co., Ltd.	432,000	30.0	June 30(*1)
	Woori LB Fifth Asset Securitization Specialty Co., Ltd.	2,340,000	30.0	June 30(*1)
	Woori LB Sixth Asset Securitization Specialty Co., Ltd.	234,000	30.0	June 30(*1)
	Woori LB Eighth Asset Securitization Specialty Co., Ltd.(*3)	12,000	30.0	June 30(*1)
	Woori F&I First Asset Securitization Specialty Co., Ltd.	12,768	30.0	December 31
	Woori F&I Second Asset Securitization Specialty Co., Ltd.	10,824	30.0	December 31

- 20 -

<u>Investors</u>	<u>Investees</u>	<u>Number of shares owned</u>	<u>Percentage of owner- ship (%)</u>	<u>Fiscal year end</u>
Woori F&I Co., Ltd.	Woori F&I Fourth Asset Securitization Specialty Co., Ltd.(*3)	360	30.0	June 30 (*2)
	Woori SB First Asset Securitization Specialty Co., Ltd.	1,867,800	30.0	June 30 (*1)

(*1) The fiscal period end is every six months.

(*2) Woori F&I Fourth Asset Securitization Specialty Co., Ltd. changed its basic fiscal period from every twelve months to three months.

(*3) For the three-month period ended June 30, 2004, Woori LB First · Second · Third · Eighth Securitization Specialty Co., Ltd.s and Woori F&I Fourth Asset Securitization Specialty Co., Ltd. decreased their capital for a consideration. As a result, the number of investment shares in these entities was reduced; however, there is no change in ownership interests of WF&I .

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Financial Statement Presentation

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

The US dollar amounts presented in these 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 dollar 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 consolidated interim financial statements, are not different materially from those used in preparing the consolidated financial statements for the year ended December 31, 2003, except for set forth below.

a. Restructuring of receivables and payables

In accordance with Statement of Korea Accounting Standard (SKAS) No. 13 Restructuring of Receivables and Payables , a loan whose contractual terms are modified in a troubled debt restructuring program is accounted for at present value of future cash flows in the revised contract discounted using the effective interest rate in the original contract. If the present value differs from the face value of the loans, it is recorded as an allowance for possible loan loss. In addition, the allowance for possible loan loss is recorded based on the observable market value of the loan, if available, or the fair value of collateral of the loan, if the collection of the loan is likely to be made through a disposition of collateral.

A loan to be exchanged with an equity security, of which the number of shares is determined, is recorded at the lower of fair value of the shares to be exchanged or net book value of the loan until it is actually converted. The valuation losses are recorded as an allowance for possible loan losses.

In accordance with the transitional provision of SKAS No. 13, the unamortized present value discount of loans, which was reported in conformity with the previous accounting standards in 2003, is reclassified to the allowance for possible loan losses in the balance sheet as of December 31, 2003. However, there is no effect on the total assets and net assets as of December 31, 2003.

- 22 -

3. RESTRICTED DUE FROM BANKS

Restricted due from banks as of June 30, 2004 are as follows (Unit: Korean won in millions):

<u>Financial institution</u>	<u>Jun. 30, 2004</u>	<u>Reason of restriction</u>
Due from banks in local currency		
Bank of Korea	(Won) 3,070,321	Banking law
Korea Stock Exchange and others	584	Indemnity fund and others
Korea Securities Finance Corporation and others	169,700	Regulation of securities supervision
Samsung Securities and others	2,899	Subscription for futures
Others	40	Collateral for guarantees and others
Sub total	3,243,544	
Due from banks in foreign currencies		
Bank of Korea	78,864	Banking law
Bank of Japan	908	Reserve deposits on overseas banks
Lehman Brothers	25,513	Collateral for credit derivatives
Bangladesh Bank and others	18,671	Reserve deposits on overseas banks
Bank of Indonesia and others	6,542	Reserve deposits on overseas banks
Industrial & Commercial Bank of China and others	17,946	Reserve deposits on overseas banks
Sub total	148,444	
Total	(Won) 3,391,988	

Restricted due from banks as of December 31, 2003 are as follows (Unit: Korean won in millions):

<u>Financial institution</u>	<u>Dec. 31, 2003</u>	<u>Reason of restriction</u>
Due from banks in local currency		
Bank of Korea	(Won) 2,634,748	Banking law
Korea Stock Exchange and others	400	Indemnity fund and others
Korea Securities Finance Corporation and others	146,450	Regulation of securities supervision
Korea Securities Depository	190	Indemnity fund and others
Others	48	Collateral for guarantees and others
Sub total	2,781,836	
Due from banks in foreign currencies		
Bank of Korea	209,230	Banking law
Bank of Japan	970	Reserve deposits on overseas banks
Lehman Brothers	47,912	Collateral for credit derivatives
Bangladesh Bank and others	17,966	Reserve deposits on overseas banks

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

Bank of Indonesia and others	6,964	Reserve deposits on overseas banks
Federal Reserve Bank	3,593	Guarantee for FRB discount window
Industrial & Commercial Bank of China and others	17,841	Reserve deposits on overseas banks
Federal Tennessee National Bank	11,978	Line of credit
	<hr/>	
Sub total	316,454	
	<hr/>	
Total	(Won) 3,098,290	
	<hr/>	

- 23 -

4. TRADING SECURITIES

(1) Trading securities 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)	
<In local currency>				
Equity securities	(Won) 71,662	(Won) 108,091	US\$ 62,180	US\$ 93,788
Government bonds	1,004,299	684,432	871,409	593,867
Financial debentures	954,636	626,851	828,318	543,905
Corporate bonds	454,693	580,765	394,528	503,918
Beneficiary certificates	635,213	600,471	551,161	521,016
Others	758,419	103,017	658,063	89,386
Sub total	3,878,922	2,703,627	3,365,659	2,345,880
Trading securities in foreign currencies	22,049	24,216	19,131	21,012
Total	(Won) 3,900,971	(Won) 2,727,843	US\$ 3,384,790	US\$ 2,366,892

(2) The details of trading securities as of June 30, 2004 are as follows (Unit: Korean won in millions):

	Face value	Acquisition cost	Amortized cost	Gain (loss) on valuation	Fair value
<In local currency>					
Equity securities	(Won)	(Won) 76,274	(Won)	(Won) (4,612)	(Won) 71,662
Bonds					
Government bonds	1,011,350	962,273	1,002,382	1,917	1,004,299
Financial debentures	967,863	882,048	952,308	2,328	954,636
Corporate bonds	451,409	452,744	453,341	1,352	454,693
Sub total	2,430,622	2,297,065	2,408,031	5,597	2,413,628
Beneficiary certificates		619,067		16,146	635,213
Others		750,780		7,639	758,419
<In foreign currencies>					
Bonds	23,050	22,884	22,884	(835)	22,049
Total	(Won) 2,453,672	(Won) 3,766,070	(Won) 2,430,915	(Won) 23,935	(Won) 3,900,971

- 24 -

(3) The details of trading securities as of December 31, 2003 are as follows (Unit: Korean won in millions):

	Face value	Acquisition cost	Amortized cost	Gain (loss) on valuation	Fair value
<In local currency>					
Equity securities	(Won)	(Won) 99,136	(Won)	(Won) 8,955	(Won) 108,091
Bonds					
Government bonds	692,270	686,287	685,014	(582)	684,432
Financial debentures	652,012	640,267	630,221	(3,370)	626,851
Corporate bonds	583,273	581,104	580,486	279	580,765
Sub total	(Won) 1,927,555	(Won) 1,907,658	(Won) 1,895,721	(Won) (3,673)	(Won) 1,892,048
Beneficiary certificates		574,147		26,324	600,471
Others		102,137		880	103,017
<In foreign currencies>					
Bonds	24,332	24,245	24,245	(29)	24,216
Total	(Won) 1,951,887	(Won) 2,707,323	(Won) 1,919,966	(Won) 32,457	(Won) 2,727,843

5. AVAILABLE-FOR-SALE SECURITIES

(1) Available-for-sale securities 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)	
<In local currency>				
Equity securities	(Won) 1,622,757	(Won) 1,149,975	US\$ 1,408,032	US\$ 997,809
Capital contributions	23,149	58,905	20,086	51,111
Government bonds	686,232	728,525	595,429	632,126
Financial debentures	4,933,122	4,626,482	4,280,366	4,014,301
Corporate bonds	3,518,668	4,004,416	3,053,074	3,474,548
Beneficiary certificates	1,575,892	2,097,998	1,367,368	1,820,389
Other	60,539	140,317	52,529	121,749
Sub total	12,420,359	12,806,618	10,776,884	11,112,033
<In foreign currencies>				
Bonds	1,530,774	1,330,563	1,328,220	1,154,502
Equity securities	4,637	7,297	4,024	6,331
Sub total	1,535,411	1,337,860	1,332,244	1,160,833

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

Total	(Won) 13,955,770	(Won) 14,144,478	US\$ 12,109,128	US\$ 12,272,866
-------	------------------	------------------	-----------------	-----------------

- 25 -

(2) Details of available-for-sale securities as of June 30, 2004 are as follows (Unit: Korean won in millions):

	Face value	Acquisition cost	Net asset value / fair value	Gain (loss) on valuation	Fair value
<In local currency>					
Listed equity securities:	(Won)	819,920	(Won) 1,245,846	(Won) 425,926	(Won) 1,245,846
Unlisted equity securities:					
Stocks excluded from fair value valuation		335,451	186,390		211,087
Stocks subject to fair value valuation		291,294	165,824	(119,936)	165,824
Sub total		626,745	352,214	(119,936)	376,911
Capital contributions		21,438	23,149	1,711	23,149
	Face value	Acquisition cost	Amortized cost	Gain (loss) on valuation	Fair value
Bonds					
Government bonds	(Won) 680,149	(Won) 678,697	(Won) 682,951	(Won) 3,281	(Won) 686,232
Financial debentures	5,004,224	4,817,683	4,919,955	13,167	4,933,122
Corporate bonds	3,567,780	3,417,443	3,399,507	119,161	3,518,668
Sub total	9,252,153	8,913,823	9,002,413	135,609	9,138,022
Beneficiary certificates		1,573,646		2,246	1,575,892
Others		39,422		21,117	60,539
<In foreign currencies>					
Bonds	1,728,444	1,587,041	1,540,417	(9,643)	1,530,774
Equity securities		6,112		(1,475)	4,637
Total	(Won) 10,980,597	(Won) 13,588,147	(Won) 12,164,039	(Won) 455,555	(Won) 13,955,770

(3) Details of available-for-sale securities as of December 31, 2003 are as follows (Unit: Korean won in millions):

	Face value	Acquisition cost	Net asset value / fair value	Gain (loss) on valuation	Fair value
<In local currency>					
Listed equity securities:	(Won)	(Won) 749,063	(Won) 782,984	(Won) 33,921	(Won) 782,984
Unlisted equity securities:					
Stocks excluded from fair value valuation		303,794	344,988		264,374
Stocks subject to fair value valuation		112,210	102,617	7,353	102,617

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

Sub total	416,004	447,605	7,353	366,991
Capital contributions	37,499	62,652	21,406	58,905
	Acquisition	Amortized	Gain (loss)	
	Face value	cost	on valuation	Book value
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Bonds				
Government bonds	721,846	733,431	(599)	728,525
Financial debentures	4,778,739	4,631,486	(35,110)	4,626,482
Corporate bonds	4,331,049	4,229,712	(29,636)	4,004,416
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sub total	9,831,634	9,594,629	(65,345)	9,359,423
Beneficiary certificates		2,094,161	3,837	2,097,998
Others		140,365	(48)	140,317
<In foreign currencies>				
Bonds	1,366,521	1,332,061	23,962	1,330,563
Equity securities		39,957	(32,660)	7,297
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(Won) 11,198,155	(Won) 14,403,739	(Won) (7,574)	(Won) 14,144,478
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. HELD-TO-MATURITY SECURITIES

(1) Held-to-maturity securities 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)	
Government bonds	(Won) 2,246,278	(Won) 1,728,484	US\$ 1,949,048	US\$ 1,499,769
Financial debentures	895,775	1,067,045	777,245	925,852
Corporate bonds	6,019,582	6,830,143	5,223,065	5,926,371
Bonds in foreign currencies	284,118	263,061	246,523	228,253
Loaned securities	54,442	103,181	47,238	89,529
Other	8,100		7,029	
Total	(Won) 9,508,295	(Won) 9,991,914	US\$ 8,250,148	US\$ 8,669,774

(2) Details of held-to-maturity securities as of June 30, 2004 are as follows (Unit: Korean won in millions):

	Face value	Acquisition cost	Amortized cost (book value)	Fair value
Government bonds	(Won) 2,362,640	(Won) 2,232,929	(Won) 2,246,278	(Won) 2,361,241
Financial debentures	907,000	891,766	895,775	909,461
Corporate bonds	6,050,347	6,020,542	6,019,582	6,247,165
Bonds in foreign currencies	310,248	311,391	284,118	284,118
Loaned securities	54,442	54,442	54,442	54,442
Other	10,000	8,100	8,100	8,100
Total	(Won) 9,694,677	(Won) 9,519,170	(Won) 9,508,295	(Won) 9,864,527

(3) Details of held-to-maturity securities as of December 31, 2003 are as follows (Unit: Korean won in millions):

	Face value	Acquisition cost	Amortized cost (book value)	Fair value
Government bonds	(Won) 1,823,300	(Won) 1,707,436	(Won) 1,728,484	(Won) 1,794,580
Financial debentures	1,094,500	1,065,463	1,067,045	1,068,320
Corporate bonds	6,899,162	6,900,729	6,830,143	7,085,274
Bonds in foreign currencies	291,153	290,522	263,061	263,061
Loaned securities	103,181	103,181	103,181	108,353

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

Total	(Won) 10,211,296	(Won) 10,067,331	(Won) 9,991,914	(Won) 10,319,588
-------	------------------	------------------	-----------------	------------------

- 27 -

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

- (1) Details of valuation of investment equity securities accounted for using the equity method of accounting for the six-month period ended June 30, 2004 are as follows (unit: Korean won in millions):

	Acquisition cost	Balance of Jan. 1, 2004	Gain (loss) on valuation	Other increase (decrease)	Balance of Jun. 30, 2004
BC Card	(Won) 12,472	(Won) 43,238	(Won) 1,963	(Won) (17)	(Won) 45,184
Korea Finance Security	1,452	1,656	42	(70)	1,628
Byucksan E&C	39,078	54,383		(54,383)	
Woori LB First Asset Securitization Specialty	2,400	12,189	4,649	(3,681)	13,157
Woori LB Second Asset Securitization Specialty	690	2,698	63	(2,318)	443
Woori LB Third Asset Securitization Specialty	2,070	2,086	(19)	(867)	1,200
Woori LB Fourth Asset Securitization Specialty	2,160	2,659	833	(57)	3,435
Woori LB Fifth Asset Securitization Specialty	11,700	11,582	28		11,610
Woori LB Sixth Asset Securitization Specialty	1,170	464	(406)		58
Woori LB Eighth Asset Securitization Specialty	600	848	384	(800)	432
Woori F&I First Asset Securitization Specialty	6,237	5,579	(2,285)		3,294
Woori F&I Second Asset Securitization Specialty	5,265	2,833	(544)		2,289
Woori F&I Fourth Asset Securitization Specialty	888	2,227	2,587	(3,240)	1,574
Woori SB First Asset Securitization Specialty	9,339		(996)	9,205	8,209
Total	(Won) 95,521	(Won) 142,442	(Won) 6,299	(Won) (56,228)	(Won) 92,513

- 28 -

(2) Details of other increases or decreases for the six-month period ended June 30, 2004 are as follows (unit: Korean won in millions) :

	<u>Acquisition</u>	<u>Reclassification</u>	<u>Capital adjustment</u>	<u>Dividends</u>	<u>Capital reduction</u>	<u>Total</u>
BC Card	(Won) (17)	(Won) (17)	(Won) (17)	(Won) (17)	(Won) (17)	(Won) (17)
Korea Finance Security				(70)		(70)
Byucksan E&C (* 1)		(54,383)				(54,383)
Woori LB First Asset Securitization Specialty			5,069	(6,425)	(2,325)	(3,681)
Woori LB Second Asset Securitization Specialty				(1,958)	(360)	(2,318)
Woori LB Third Asset Securitization Specialty				(117)	(750)	(867)
Woori LB Fourth Asset Securitization Specialty			(57)			(57)
Woori LB Eighth Asset Securitization Specialty				(260)	(540)	(800)
Woori F&I Fourth Asset Securitization Specialty				(2,385)	(855)	(3,240)
Woori SB First Asset Securitization Specialty						
Securitization Specialty	9,339		(134)			9,205
Total	(Won) 9,339	(Won) (54,383)	(Won) 4,861	(Won) (11,215)	(Won) (4,830)	(Won) (56,228)

(*1) For the six months ended June 30, 2004, due to the decrease of the ownership interest in Byucksan E&C, it is reclassified to available-for-sale securities.

(3) Details of valuation of investment equity securities accounted for using the equity method of accounting for the year ended December 31, 2003 are as follows (unit: Korean won in millions):

	<u>Acquisition cost</u>	<u>Balance of Jan. 1, 2003</u>	<u>Gain (loss) on valuation</u>	<u>Other increase (decrease)</u>	<u>Balance of Dec. 31, 2003</u>
BC Card	(Won) 12,472	(Won) 42,613	(Won) 2,214	(Won) (1,589)	(Won) 43,238
Korea Finance Security	1,452	2,600	178	(1,122)	1,656
Byucksan E&C	39,078	38,202	12,769	3,412	54,383
Woori LB First Asset Securitization Specialty	2,400	10,019	11,967	(9,797)	12,189
Woori LB Second Asset Securitization Specialty	690	658	2,198	(158)	2,698
Woori LB Third Asset Securitization Specialty	2,070	2,003	2,530	(2,447)	2,086
Woori LB Fourth Asset Securitization Specialty	2,160	2,081	1,213	(635)	2,659
Woori LB Fifth Asset Securitization Specialty	11,700		3,120	8,462	11,582
	1,170		(706)	1,170	464

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

Woori LB Sixth Asset Securitization Specialty				
Woori LB Eighth Asset Securitization Specialty	600	248	600	848

- 29 -

	Acquisition cost	Balance of Jan. 1, 2003	Gain (loss) on valuation	Other increase (decrease)	Balance of Dec. 31, 2003
Woori F&I First Asset Securitization Specialty	(Won) 6,237	(Won)	(Won) (658)	(Won) 6,237	(Won) 5,579
Woori F&I Second Asset Securitization Specialty	5,265		(2,432)	5,265	2,833
Woori F&I Fourth Asset Securitization Specialty	888		1,339	888	2,227
Total	(Won) 86,182	(Won) 98,176	(Won) 33,980	(Won) 10,286	(Won) 142,442

8. LOSS ON IMPAIRMENT OF SECURITIES AND RECOVERY OF IMPAIRMENT

- (1) The details of losses on impairment of available-for-sale and held-to-maturity securities by subsidiaries for the six-month periods ended June 30, 2004 and 2003 are as follows (unit: Korean won in millions):

(2004)	Woori Bank	Kyongnam Bank	Kwangju Bank	Woori Securities	WITM	WASS 2	Total
Available-for-sale securities							
Equity securities	(Won) 64,799	(Won) 1,489	(Won) 4,143	(Won) 1,834	(Won)	(Won)	(Won) 72,265
Debt securities in local currencies	9,813	551					10,364
Debt securities in foreign currencies				179			179
Others	1,453				2	37	1,492
Sub-total	76,065	2,040	4,143	2,013	2	37	84,300
Held-to-maturity securities		25,191					25,191
Total	(Won) 76,065	(Won) 27,231	(Won) 4,143	(Won) 2,013	(Won) 2	(Won) 37	(Won) 109,491

(2003)	Woori Bank	Kyongnam Bank	Woori Securities	WIB	Total
Available-for-sale securities					
Equity securities	(Won) 3,795	(Won) 4,631	(Won) 19,829	(Won) 4,325	(Won) 32,580
Debt securities in local currencies	10,813	154			10,967
Debt securities in foreign currencies	6,798	2,299			9,097
Sub-total	21,406	7,084	19,829	4,325	52,644
Held-to-maturity securities	10,738				10,738
Total	(Won) 32,144	(Won) 7,084	(Won) 19,829	(Won) 4,325	(Won) 63,382

- 30 -

- (2) The recovery of the impairment of available-for-sale and held-to-maturity securities by subsidiaries for the six-month periods ended June 30, 2004 and 2003, are as follows (unit: Korean won in millions):

(2004)	Woori Bank	Kyongnam Bank	Total
Available-for-sale securities			
Equity securities	(Won) 6,807	(Won) 1,548	(Won) 1,548
Debt securities in local currencies	6,807		6,807
Debt securities in foreign currencies	154	952	1,106
Sub-total	6,961	2,500	9,461
Held-to-maturity securities		1,900	1,900
Total	(Won) 6,961	(Won) 4,400	(Won) 11,361

(2003)	Woori Bank	Kyongnam Bank	WIB	Total
Available-for-sale securities				
Debt securities in local currencies	(Won) 199,887	(Won) 424	(Won) 29,400	(Won) 229,711
Debt securities in foreign currencies	1,109			1,109
Others	111			111
Sub-total	201,107	424	29,400	230,931
Held-to-maturity securities		2,254		2,254
Total	(Won) 201,107	(Won) 2,678	(Won) 29,400	(Won) 233,185

9. LOANS AND ALLOWANCE FOR POSSIBLE LOAN LOSSES

- (1) Loans as of June 30, 2004 and December 31, 2003 are as follows:

Accounts	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Loans in local currency	(Won) 75,181,743	(Won) 72,907,422	US\$ 65,233,616	US\$ 63,260,236
Loans in foreign currencies	7,173,692	7,129,394	6,224,462	6,186,025
Bills bought in local currency	313,801	490,386	272,279	425,498
Bills bought in foreign currencies	3,781,969	3,798,134	3,281,535	3,295,561
Advances for customers on guarantees	32,251	98,769	27,984	85,700
Credit card accounts	2,253,437	1,919,060	1,955,260	1,665,128
Purchased bonds under resale agreements	80,637	154,000	69,967	133,622
Call loans	1,535,841	897,963	1,332,617	779,144

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

Privately placed bonds	476,953	586,257	413,842	508,683
------------------------	---------	---------	---------	---------

- 31 -

Accounts	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Loans to be converted to equity securities	(Won) 36,628	(Won) 31,232	US\$ 31,781	US\$ 27,099
Financing leases	152,326	189,788	132,170	164,675
Others	34,714	139,269	30,120	120,840
Sub-total	91,053,992	88,341,674	79,005,633	76,652,211
Allowance for possible loan losses	(2,135,159)	(2,264,377)	(1,852,633)	(1,964,752)
Total	(Won) 88,918,833	(Won) 86,077,297	US\$ 77,153,000	US\$ 74,687,459

(2) Details of loans subject to allowance for possible loan losses as of June 30, 2004 are as follows (Unit: Korean won in 100 millions):

Account	Normal	Precautionary	Substandard	Doubtful	Loss	Total
Loans in local currency	(Won) 714,553	(Won) 15,646	(Won) 9,989	(Won) 1,933	(Won) 3,486	(Won) 745,607
Loans in foreign currencies	39,391	3,362	860	187	116	43,916
Usance	21,911	869	91	223	22	23,116
Bills bought in local currency	1,414	1,724				3,138
Bills bought in foreign currencies	35,942	1,115	161	633	89	37,940
Advances for customers on guarantees	20	125	19	18	141	323
Credit card accounts	15,853	3,610		1,376	1,695	22,534
Privately placed bonds	4,727	6	37			4,770
Loans to be converted to equity securities			306		60	366
Suspense receivable as credit	31	3	24	51	62	171
Financing leases	1,232	291				1,523
Others	310		1	3	33	347
Total	(Won) 835,384	(Won) 26,751	(Won) 11,488	(Won) 4,424	(Won) 5,704	(Won) 883,751

(3) Reconciliations of the loans subject to allowance for the possible loan losses with total loans as of June 30, 2004 are as follows (Unit: Korean won in 100 millions):

Total loans	(Won) 910,540
Reconciliation items	
(-) Inter-bank loans	(10,915)

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

(-) Call loans	(15,359)
(-) Purchased bonds under resale agreements	(806)
(+) Suspense receivable as credit	171&