

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

November 13, 2006

Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2006

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's

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

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

Table of Contents

Summary of 2006 3Q Business Report

Table of Contents

<u>I. Company Overview</u>	4
1. <u>Purpose of the Company</u>	4
a. <u>Scope of Business</u>	4
b. <u>Scope of Business of Subsidiaries</u>	4
2. <u>History of the Company</u>	9
a. <u>Company History</u>	9
b. <u>Associated Business Group</u>	11
3. <u>Capital Structure</u>	15
a. <u>Change in Capital</u>	15
b. <u>Anticipated Changes in Capital</u>	15
c. <u>Convertible Bonds</u>	15
4. <u>Total Number of Authorized Shares</u>	16
a. <u>Total Number of Authorized Shares</u>	16
b. <u>Capital and Price per Share</u>	16
c. <u>Treasury Stock</u>	16
d. <u>Status of Employee Stock Option Program</u>	17
5. <u>Voting Rights</u>	17
6. <u>Dividend Information</u>	18
a. <u>Dividend Information for the Past Three Years</u>	18
<u>II. Description of Business</u>	19
1. <u>Business Overview</u>	19
a. <u>Organizational Chart</u>	19
2. <u>Overview of Operations</u>	20
a. <u>Performance of Operations</u>	20
b. <u>Financing of Operations</u>	20
c. <u>Transactions related to Commission Fees</u>	21
3. <u>Other Details Relevant to Investment Decisions</u>	22
a. <u>Won-denominated Current Ratio</u>	22
b. <u>Foreign Currency-denominated Current Ratio</u>	22
c. <u>Debt Ratio</u>	22
d. <u>Credit Ratings for the Past Three Years</u>	23
e. <u>Other Important Information</u>	23
<u>III. Financial Information</u>	24
1. <u>Condensed Financial Statements (Non-consolidated)</u>	24
2. <u>Condensed Financial Statements (Consolidated)</u>	25
3. <u>Accounting Information</u>	26
4. <u>Notes on Consolidated Financial Statements</u>	27

Table of Contents

<u>IV. Independent Auditor's Opinion</u>	28
1. <u>Independent Auditor's Opinion</u>	28
a. <u>Independent Auditor</u>	28
2. <u>Compensation to the Independent Auditor</u>	28
a. <u>Auditing Service</u>	28
b. <u>Compensation for Services Other than the Audit</u>	28
<u>V. Corporate Governance and Affiliated Companies</u>	29
1. <u>Overview of Corporate Governance</u>	29
a. <u>About the Board of Directors</u>	29
2. <u>Related Companies</u>	37
3. <u>Investments in Other Companies</u>	38
<u>VI. Stock Information</u>	39
1. <u>Stock Distribution</u>	39
a. <u>Stock Information of Major Shareholders and Related Parties</u>	39
b. <u>Share Ownership of More than 5%</u>	39
c. <u>Shareholder Distribution</u>	39
2. <u>Stock Price and Stock Market Performance for the Past Six Months</u>	40
a. <u>Domestic Stock Market</u>	40
b. <u>Foreign Stock Market</u>	40
<u>VII. Directors and Employee Information</u>	41
1. <u>Directors</u>	41
2. <u>Employee Status</u>	41
3. <u>Labor Union Membership</u>	41
4. <u>Number of Professional Personnel</u>	41
<u>VIII. Related Party Transactions</u>	42
1. <u>Transactions with Affiliated Parties</u>	42
a. <u>Transactions of Provisional Payments and Loans (including secured loans)</u>	42
b. <u>Payment Transactions</u>	43
<u>Exhibit A- Financial Statements</u>	44
<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>	

Table of Contents

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

Table of Contents

(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

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

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;

Table of Contents

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;

Table of Contents

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 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.

(7) Woori F&I

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

Table of Contents

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

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

1. Transfer, management and disposition of all rights related to the securities and other assets (the securitized assets) of Woori Bank (formerly known as Hanvit Bank) and Kwangju Bank pursuant to the Asset Securitization Law;

2. Offering and redemption of the securitized assets;

3. Preparation and registration of asset securitization plans to the Financial Supervisory Service;

4. Execution of agreements required for the asset securitization plan;

5. Provisional borrowing and other similar procedures for ABS redemption;

6. Investment of surplus funds; and

7. Other activities related to the items listed above.

(9) Woori Private Equity

1. Private equity business;

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

3. Other activities related to the items listed above.

Table of Contents

2. History of the Company

a. Company History

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

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

Table of Contents

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

Table of Contents

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 2nd 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)
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.

b. Associated Business Group

(1) Overview of Business Group

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

2. **History**

December 23, 2000	Enactment of the Financial Holding Company Act
December 30, 2000	KDIC invested public funds of Won 8.5 trillion in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank
March 14, 2001	Filed application for the incorporation of Woori Finance Holdings
March 24, 2001	Official approval from the Financial Supervisory Service for Woori Finance Holdings
March 27, 2001	Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: Won 3.6 trillion)
April 2, 2001	Official launch of Woori Finance Holdings
July 16, 2001	Issued bonds with warrants
September 1, 2001	Hanaro Merchant Bank's name changed to Woori Merchant Bank
September 29, 2001	Woori Finance Information System incorporated as a subsidiary

Table of Contents

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
July 31, 2003	Woori Merchant Bank merged into Woori Bank
September 29, 2003	Listing on the New York Stock Exchange
December 12, 2003	Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd.
March 30, 2004	Appointment of new management
March 31, 2004	Woori Card merged into Woori Bank
June 18, 2004	Woori Securities becomes a wholly-owned subsidiary
December 21, 2004	Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion)
December 24, 2004	Acquired LG Investment & Securities and incorporated as a subsidiary
February 17, 2005	Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion)

Table of Contents

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)
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.

Table of Contents

(2) Related companies within the business group

Type	Name of Company	Controlling Company	Notes
Holding Company	Woori Finance Holdings	KDIC	
	Woori Bank		
	Kwangju Bank		
	Kyongnam Bank		
1 st Tier Subsidiaries	Woori Finance Information System	Woori Finance Holdings	9 companies
	Woori F & I		
	Woori Third Asset Securitization Specialty		
	Woori CS Asset Management (1)		
	Woori Investment & Securities		
	Woori Private Equity		
	Woori Credit Information		
	Woori America Bank		
	P.T. Bank Woori Indonesia	Woori Bank	
2 nd Tier Subsidiaries	Korea BTL Infrastructure Fund		13 companies
	Woori Global Markets Asia Ltd.		
	Nexbi Tech	Woori Finance Information System	
	Woori SB Asset Management (2)	Woori F&I	
	Woori Private Equity Fund	Woori Private Equity	
	Woori Futures		
	Woori Investment & Securities International Ltd.		
	Woori Investment & Securities (HK) Ltd.	Woori Investment & Securities	
	Woori Investment & Securities America Inc.		
	Mars First Private Hoesa		

(1) On May 30, 2006, Woori Asset Management was renamed Woori Credit Suisse Asset Management.

(2) On February 23, 2006, Woori CA Asset Management was renamed Woori SB Asset Management.

* Shinwoo Corporate Restructuring Company is no longer a subsidiary due to its liquidation on September 29, 2006.

* 1st tier subsidiary, Woori Private Equity, established Woori Private Equity Fund. Woori Private Equity Fund was included as 2nd tier subsidiary on July 27, 2006.

* Our 1st tier subsidiary, Woori Bank, established Woori Global Markets Asia Limited in Hong Kong, which was included in our 2nd tier subsidiary as of August 23, 2006.

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

(units: Won, shares)

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

b. Anticipated Changes in Capital

Not applicable

c. Convertible Bonds

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

Table of Contents

4. Total Number of Authorized Shares

a. Total Number of Authorized Shares

As of 2006.9.30 (units: shares)

Items	Type	
	Common Shares	Total
Total number of shares authorized	2,400,000,000	2,400,000,000
Total number of issued stock	806,015,340	806,015,340
Treasury stock	2,554	2,554
Free float shares	806,012,786	806,012,786

b. Capital and Price per Share

(units: Won, shares)

As of 2006.9.30

Type	Capital	Capital		Par value per share	Price per share		Capital ÷ free float shares
		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	4,030,063,935,000	5,000	5,000	5,000	
Total	4,030,076,700,000	4,030,076,700,000	4,030,063,935,000	5,000	5,000	5,000	

c. Treasury Stock

As of 2006.9.30 (units: shares)

Acquisition Method	Type of Stock	Beg.	Acquired	Disposal	Canceled	End	Remarks
Direct purchase under Sub-section 1, section 189-2	Common Preferred						
Direct purchase other than the conditions under Sub-section 1, section 189-2	Common Preferred	2,550	4			2,554	
Subtotal	Common Preferred	2,550	4			2,554	
Indirect acquisition from trust agreement	Common Preferred						

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

Total	Common Preferred	2,550	4	2,554
-------	---------------------	-------	---	-------

Table of Contents

d. Status of Employee Stock Option Program

(units: shares)

Type of stock	Type of Stock	Initial Balance	Ending Balance
Employee Account			
Employee Union Account	Common stock	101,793	44,593

5. Voting Rights

(units: shares)

As of 2006.9.30

Items	Number of stock	Notes
Total number of shares	806,015,340	
Common Shares		
Preferred Shares		
Stocks without voting rights		
Common Shares		
Preferred Shares		
Stocks with limited voting rights under the Securities & Exchange Law	2,554	
Stocks with voting rights restored		
Common Shares	806,012,786	
Preferred Shares		

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

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

Table of Contents

II. Description of business

1. Business Overview

a. Organizational Chart

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

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

b. Financing of operations

(1) Source of Funds

(units: millions of Won)

Items	2006 3Q	2005	2004
Shareholders Equity	11,389,810	9,717,364	7,448,052
Capital	4,030,076	4,030,076	3,982,278
Capital Surplus	84,488	84,488	84,356
Retained Earnings	5,165,610	3,891,963	2,328,854
Capital Adjustments	2,109,635	1,710,836	1,052,565
Borrowings	1,858,773	2,314,419	2,299,992
Debtures	1,847,289	2,296,203	2,154,637
Bank Borrowings			120,000
Commercial Paper			
Other Borrowings			
Other Liabilities	11,484	18,216	25,354
Total	13,248,583	12,031,783	9,748,044

Table of Contents

(2) Use of Funds

(units: millions of Won)

Items	2006 3Q	2005	2004
Subsidiary Stock	13,018,168	11,751,678	9,436,975
Woori Bank	10,794,153	9,695,213	7,589,957
Kyongnam Bank	776,998	694,275	608,802
Kwangju Bank	622,580	561,330	420,595
Woori Financial Information System	14,420	11,903	7,613
Woori F&I	109,007	114,017	58,231
Woori 3 rd Asset Securitization Specialty	13,721		
Woori Investment Trust Management			35,076
Woori Securities			361,500
Woori Investment & Securities	631,718	604,543	355,201
Woori CS Asset Management (formerly Woori Asset Management)	45,773	60,600	
Woori Private Equity	9,798	9,797	
Investment Securities			
Loan Obligations	84,575	109,450	218,641
Tangible Assets	83	119	228
Intangible Assets	35	35	54
Cash	83,183	104,072	56,099
Other Assets	62,540	66,428	36,047
Total	13,248,583	12,031,783	9,748,044

c. Transactions related to Commission Fees

(units: millions of Won)

Category	Items	2006 3Q	2005 3Q	2005
Commission Revenue (A)		0	0	0
Commission Expense (B)		5,791	5,417	6,641
Commission Profit (A-B)		-5,791	-5,417	-6,641

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

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

a. Won-denominated Current Ratio

(units: millions of Won)

Items	2006 3Q	2005	2004	2003
Current Assets (A)	113,951	111,091	57,346	203,202
Current Liabilities (B)	10,831	18,216	11,385	9,711
Current Ratio (A/B)	1,052.08%	609.85%	503.70%	2,092.5%

*** Current ratio**

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

b. Foreign Currency-denominated Current Ratio

(units: millions of Won)

Items	2006 1H	2005	2004	2003
Current Assets (A)				147,754
Current Liabilities (B)				148,598
Current Ratio (A/B)				99.4%

*** Current ratio**

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

c. Debt Ratio

(units: millions of Won)

Items	2006 3Q	2005	2004	2003
Liabilities (A)	1,858,773	2,314,418	2,299,992	2,649,920
Equity (B)	11,389,810	9,717,364	7,448,052	5,597,895
Debt Ratio (A/B)	16.3%	23.8%	30.9%	47.3%

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

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

e. Other Important Information

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

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

(units: millions of Won)

Items	2006 3Q	2005	2004	2003	2002
Cash and Due from Banks	83,182	104,072	56,099	349,585	73,256
Securities	13,018,168	11,751,678	9,436,976	7,007,222	6,062,119
Loans	84,575	109,450	218,641	830,566	1,231,207
Fixed Assets	118	155	282	293	374
Other Assets	62,540	66,428	36,046	60,148	22,195
Total Assets	13,248,583	12,031,783	9,748,044	8,247,814	7,389,151
Borrowings	0	0	120,000	0	300,000
Debentures	1,847,289	2,296,203	2,154,636	2,621,182	1,999,250
Other Liabilities	11,484	18,216	25,355	28,737	25,772
Total Liabilities	1,858,773	2,314,419	2,299,991	2,649,919	2,325,022
Common Stock	4,030,077	4,030,077	3,982,278	3,877,525	3,839,074
Capital Surplus	84,488	84,488	84,356	61,324	58,645
Retained Earnings	5,165,610	3,891,963	2,328,854	1,282,866	1,145,518
Capital Adjustment	2,109,635	1,710,836	1,052,565	376,180	20,892
Total Stockholder s Equity	11,389,810	9,717,364	7,448,053	5,597,895	5,064,129
Operating Income*	1,580,700	1,867,488	1,922,849	1,593,251	878,488
Operating Expenses *	106,296	179,189	662,975	1,390,154	302,721
Operating Profit	1,474,404	1,688,299	1,259,874	203,097	575,767
Ordinary Income	1,597,155	1,688,221	1,261,925	202,565	589,214
Net profit	1,597,155	1,688,221	1,261,925	202,565	589,214

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

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

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

(units: millions of Won)

Items	2005	2004	2003	2002	2001
Cash and Due from Banks	11,224,015	6,530,065	6,471,855	6,568,852	6,432,890
Securities	37,693,090	29,175,271	27,006,677	26,452,509	25,024,333
Loans	106,937,970	91,482,647	86,077,297	73,604,113	59,876,198
Fixed Assets	2,684,534	2,646,979	2,734,616	2,796,183	2,831,851
Other Assets	6,003,239	6,767,002	6,477,275	5,421,877	5,920,545
Total Assets	164,542,848	136,601,964	128,767,720	114,843,534	100,058,817
Deposits	107,087,991	92,148,907	89,049,625	78,917,388	69,332,217
Borrowings	16,508,102	13,285,773	12,813,104	13,839,614	13,742,572
Debentures	18,813,020	13,687,295	12,195,159	10,792,932	5,491,533
Other Liabilities	11,028,773	8,774,709	9,011,532	5,978,833	7,080,301
Total Liabilities	153,437,886	127,896,684	123,069,420	109,528,767	95,646,623
Common Stock	4,030,077	3,982,278	3,877,525	3,839,074	3,637,293
Consolidated Capital Surplus	142,608	170,960	57,844	25,029	
Consolidated Retained Earnings	3,896,255	2,333,145	1,152,053	1,151,113	558,852
Consolidated Capital Adjustment	1,652,709	965,957	414,969	54,506	-116,546
Minority Interest	1,383,313	1,252,940	195,909	245,045	359,595
Total Stockholder's Equity	11,104,962	8,705,280	5,698,300	5,314,767	4,439,194
Operating Income (1)	14,258,430	13,245,482	10,403,445	9,623,990	10,159,156
Operating Expenses (2)	12,227,877	12,138,088	10,060,209	8,908,732	9,847,439
Operating Profit	2,030,553	1,107,394	343,236	715,258	311,717
Non-operating Income	573,219	482,946	639,883	540,113	1,190,685
Non-operating Expenses	458,068	397,766	752,057	800,487	937,984
Ordinary Income	2,145,704	1,192,574	231,062	454,884	564,418
Aggregated Net Profit	1,833,521	1,261,052	52,374	613,576	736,616
Consolidated Net Profit	1,688,221	1,261,925	56,279	591,588	686,287
No. of Companies Consolidated	21	24	15	17	17

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

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

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

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

(units: millions of Won)

Period	Item	Total Credits	Loan Loss Reserves	Provisioning Ratio
2006 3Q	Lending	85,000	425	0.5%
	Loans			
	Total	85,000	425	0.5%
2005	Lending	110,000	550	0.5%
	Loans			
	Total	110,000	550	0.5%
2004	Lending	151,850	759	0.5%
	Loans	67,890	339	0.5%
	Total	219,740	1,098	0.5%

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

(units: millions of Won)

Item	2006 1H	2005	2004
1. Initial loan loss reserves balance	550	1,098	4,174
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	-125	-548	-3,076
Ending loan loss reserve balance	425	550	1,098

Table of Contents**4. Notes on Consolidated Financial Statements**

(1) Auditor's opinion

Item	2005	2004	2003	2002	2001
Auditor	Anjin (Deloitte Anjin)	HanaAnjin (Deloitte HanaAnjin)	Hana (Deloitte & Touche)	Hana (Deloitte & Touche)	Anjin (Arthur Andersen)
Auditor's Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

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

Year	Companies included	Newly included companies	Excluded companies
2005	Woori Finance Holdings and 21 companies	- Woori Private Equity	- Woori Investment Trust Management - Woori Securities - Woori Second SPC - Woori First Private Investment Company
2004	Woori Finance Holdings and 24 companies	- Woori First Private Investment Company - LG Investment & Securities - LG Futures - LG Investment Trust Management - LG Investment & Securities Int'l Ltd. - LG Investment & Securities (H.K.) Limited - LG Investment & Securities America, Inc. - LG Investments Holding B.V. (Amsterdam) GG - High Technology Venture Investment - Global Technology Investment	- Woori Credit Card
2003	Woori Finance Holdings and 15 companies		- Woori Merchant Bank - Woori First SPC

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

2006 3Q Anjin (Deloitte Anjin)	2005 3Q Anjin (Deloitte Anjin)	2005 Anjin (Deloitte Anjin)	2004 HanaAnjin (Deloitte HanaAnjin)
--	--	---------------------------------------	---

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

(units: millions of Won)

Year	Auditor	Activity Quarter, Half Year, Annual Interim	Compensation	Accrued Time
				(hrs)
2006 3Q	Anjin (Deloitte Anjin)	Financial Statements (Consolidated, Non-consolidated)	320	3,315
2005	Anjin (Deloitte Anjin)	Financial Statements (Consolidated, Non-consolidated)	320	5,950
2004	HanaAnjin (Deloitte HanaAnjin)	Financial Statements (Consolidated, Non-consolidated)	310	7,158

b. Compensation for Services Other than the Audit

(units: thousands of dollars)

Year	Contract Date	Activity	Period	Comp.	Note
2006 3Q					
2005	2006.2.9	US GAAP Auditing	2005.12-2006.5	1,950	Deloitte Anjin
2004	2005.3.25	US GAAP Auditing	2004.12-2005.5	2,050	Deloitte HanaAnjin

Table of Contents**V. Corporate Governance and Affiliated Companies****1. Overview of the Corporate Governance****a. About the Board of Directors**

(1) Board of Directors

A. Duties of Boards of Directors

1. The Board of Directors shall consist of directors and shall determine the matters 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 in the explanation of bill on March 10 and 11, 2006, respectively.

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

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

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

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

Table of Contents

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

Table of Contents

C. Appointment of Non-standing Directors

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

* Article 42 (Committee)

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

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

D. Committees within Board of Directors

1. BOD Management Committee

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

Woon-Youl Choi

Non-standing Director

Chung-Sook Moon

Non-standing Director

Table of Contents

2. Management Compensation Committee

Name	Position	Notes
Je-Hoon Lee	Non-standing Director	
Sung-Kwan Huh	Non-standing Director	Non-standing director Je-Hoon Lee heads this committee consisting of three non-standing directors.
Woon-Youl Choi	Non-standing Director	

Non-standing director Sung-Kwan Huh was newly appointed to the committee on March 28, 2006.

Non-standing directors Je-Hoon Lee and Woon-Youl Choi were reappointed and Oh-Seok Hyun resigned on March 28, 2006.

3. Risk Management Committee

Name	Position	Notes
Young-Key Hwang	Chairman and CEO	
Seung Hee Park	Senior managing director and CFO	
Sung-Tae Ro	Non-standing Director	Chairman/CEO Young-Key Hwang heads this committee. The committee consists of
Sung-Kwan Huh	Non-standing Director	the Chairman/CEO, CFO and no less than
Bong Soo Park	Non-standing Director	three non-standing directors.
Woon-Youl Choi	Non-standing Director	
Sung-Hwan Bae	Non-standing Director	

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

Non-standing directors, Sung-Tae Ro and Woon-Youl Choi were reappointed to the committee on March 28, 2006.

Sung-Hwan Bae resigned on July 18, 2006.

4. Audit Committee

Name	Position	Notes
Je-Hoon Lee	Non-standing Director	
Sung-Tae Ro	Non-standing Director	

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

Sung-Kwan Huh	Non-standing Director
Bong Soo Park	Non-standing Director
Woon-Youl Choi	Non-standing Director
Chung-Sook Moon	Non-standing Director
Sung-Hwan Bae	Non-standing Director

Sung-Hwan Bae resigned on July 18, 2006.

5. Executive Management Committee

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

Table of Contents

6. Ethics Management Committee

Name	Position	Notes
Young-Key Hwang Seung Hee Park	Chairman and CEO Senior managing director	Non-standing director Chung-Sook Moon heads this committee consisting of all executive directors and no less than two non-standing directors.
	and CFO	
Je-Hoon Lee Chung-Sook Moon Sung-Hwan Bae	Non-standing Director Non-standing Director Non-standing Director	

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

Non-standing director Oh-Seok Hyun resigned on March 28, 2006.

Non-standing director Sung-Hwan Bae resigned on July 18, 2006.

7. Non-standing Director Candidate Nomination Committee

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

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

8. MOU Review Committee

Name	Position	Notes
Young-Key Hwang	Chairman and CEO	Chairman/CEO Young-Key Hwang heads this committee consisting of the entire board of directors.
Seung Hee Park	Senior Managing director and CFO	
Je-Hoon Lee	Non-standing Director	

Sung-Tae Ro	Non-standing Director
Sung-Kwan Huh	Non-standing Director
Bong Soo Park	Non-standing Director
Woon-Youl Choi	Non-standing Director
Chung-Sook Moon	Non-standing Director
<u>Sung-Hwan Bae</u>	Non-standing Director

Non-standing directors Sung-Kwan Huh and Bong Soo Park were newly appointed to the committee on March 28, 2006.
Non-standing director Sung-Hwan Bae resigned on July 18, 2006.

Table of Contents**E. Stock Options**

As of September 30, 2006

(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	19,950
Kwang Woo Chun	Standing director	2002.12.04	Common	80,000	76,000	4,000	0	19,950
Euoo Sung Min	Standing director	2002.12.04	Common	80,000	0	80,000	0	19,950
Hwan Kyu Park	Non-standing dir.	2002.12.04	Common	40,000	0	2,000	38,000	19,950
Ki Chul Han	Non-standing dir.	2002.12.04	Common	30,000	10,500	1,500	18,000	19,950
Tae Ho Sohn	Non-standing dir.	2002.12.04	Common	30,000	28,500	1,500	0	19,950
Won Gihl Sohn	Non-standing dir.	2002.12.04	Common	30,000	28,500	1,500	0	19,950
Nam Hong Cho	Standing director	2002.12.04	Common	10,000	0	500	9,500	19,950
Sang Chul Lee	Standing director)	2002.12.04	Common	10,000	9,500	500	0	19,950
Jae Woong Lee	Standing director	2002.12.04	Common	10,000	0	500	9,500	19,950
Gae Min Lee	Standing director	2002.12.04	Common	10,000	9,500	500	0	19,950
Kwang Sun Chung	Standing director	2002.12.04	Common	10,000	0	10,000	0	19,950
Hae-Seok Suh	Standing director	2002.12.04	Common	10,000	0	500	9,500	19,950
Duk Hoon Lee	Director of related company	2002.12.04	Common	80,000	28,000	4,000	48,000	19,950
Jong Wook Kim	Director of related company	2002.12.04	Common	45,000	42,750	2,250	0	19,950
Jin Kyu Park	Director of related company	2002.12.04	Common	45,000	42,750	2,250	0	19,950
Jong Ku Min	Director of related company	2002.12.04	Common	30,000	0	30,000	0	19,950
Jong Hwee Lee	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	19,950
Dong Myun Suh	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	19,950
Ki Shin Kim	Director of related company	2002.12.04	Common	30,000	18,000	1,500	10,500	19,950
Young Seok Kim	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	19,950
Byung Kil Choi	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	19,950

Table of Contents

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	19,950
Tae Woong Chung	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	19,950
Dong Chan Bae	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	19,950
Dae Hwan Kim	Director of related company	2002.12.04	Common	10,000	9,500	500	0	19,950
Young Ha Kim	Director of related company	2002.12.04	Common	10,000	3,500	500	6,000	19,950
Young Yong Kim	Director of related company	2002.12.04	Common	10,000	3,500	500	6,000	19,950
Taik Su Han	Director of related company	2002.12.04	Common	10,000	0	500	9,500	19,950
Sang Im Park	Director of related company	2002.12.04	Common	10,000	0	500	9,500	19,950
Joon Ho Hahm	Director of related company	2002.12.04	Common	10,000	0	500	9,500	19,950
Joon Ho Lee	Director of related company	2002.12.04	Common	30,000	0	1500	28,500	19,950
Joo Sun Yeom	Director of related company	2002.12.04	Common	20,000	0	1,000	19,000	19,950
Ga Seok Chae	Director of related company	2002.12.04	Common	20,000	0	1,000	19,000	19,950
Sung Wook Park	Director of related company	2002.12.04	Common	5,000	4,750	250	0	19,950
Ki Seok Kim	Director of related company	2002.12.04	Common	5,000	0	250	4,750	19,950
Jae Ki Hong	Director of related company	2002.12.04	Common	5,000	4,750	250	0	19,950
Sam Su Pyo	Director of related company	2002.12.04	Common	40,000	38,000	2,000	0	19,950
Jung Rak Chun	Director of related company	2002.12.04	Common	30,000	0	30,000	0	19,950
Won Chul Hwang	Director of related company	2002.12.04	Common	20,000	0	1,000	19,000	19,950
Jong Hwee Kim	Director of related company	2002.12.04	Common	15,000	0	15,000	0	19,950
Sung Hoo Kwak	Director of related company	2002.12.04	Common	15,000	0	15,000	0	19,950
Seok Hwan Lee	Director of related company	2002.12.04	Common	15,000	0	15,000	0	19,950
Seok Hee Hwang	Director of related company	2002.12.04	Common	40,000	0	40,000	0	19,950
Choong Wan Lee	Director of related company	2002.12.04	Common	35,000	0	35,000	0	19,950
Ki Sang Chung	Director of related company	2002.12.04	Common	30,000	0	30,000	0	19,950

Table of Contents

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	19,950
Kwang Suh Koo	Director of related company	2002.12.04	Common	15,000	0	15,000	0	19,950
In Kee Baek	Director of related company	2002.12.04		30,000	28,500	1,500	0	19,950
Seung Yang Han	Director of related company	2002.12.04		15,000	0	15,000	0	19,950
Keun Soo Yook	Director of related company	2002.12.04		15,000	0	15,000	0	19,950
Ki Jong Chung	Director of related company	2002.12.04	Common	5,000	4,750	250	0	19,950
Hun Il Nam	Director of related company	2002.12.04	Common	30,000	10,500	1,500	18,000	19,950
Young Soo Kim	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	19,950
Jin Ho Yoon	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	19,950
Seok Koo Yoon	Director of related company	2002.12.04	Common	15,000	5,250	750	9,000	19,950
Ji Yeon Joo	Director of related company	2002.12.04	Common	15,000	14,250	750	0	19,950
Ho Hyun Lee	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	19,950
Chan Kook Chung	Director of related company	2002.12.04	Common	15,000	14,250	750	0	19,950
Duk Yoon Kim	Director of related company	2002.12.04	Common	15,000	8,250	750	6,000	19,950
Young Wook Kim	Director of related company	2002.12.04	Common	15,000	0	750	14,250	19,950
Dae Kyu Ko	Director of related company	2002.12.04	Common	15,000	7,250	750	7,000	19,950
Total				1,560,000	698,000	420,000	475,250	

1. Exercised options as of September 30, 2006
2. Cancelled options reflect the deductions as stipulated in the stock option agreement for failure to meet the substandard and below loan ratio target.
3. Exercise period: December 5, 2005 ~ December 4, 2008
4. Exercise Price:
60% of granted = 11,921 Won {6,800*(1+Rate of return of the banking industry index)}
40% of granted = 6,800 Won

Table of Contents

2. Related Companies

* Woori Private Equity is the general partner of Woori Private Equity Fund. Other shareholders of Woori Private Equity Fund and their shareholdings include: Woori Bank (27.60%), Woori Investment & Securities (14.72%), Kwangju Bank (5.78%), Kyongnam Bank (5.78%), Woori F&I (3.34%), and Woori Private Equity (3.34%).

Table of Contents**Investments in Other Companies**

As of September 30, 2006

(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		
	Woori Bank	635,957	100.0	9,695,213	1,425,755	1,098,940	635,957	100.0	10,794,153	1,425,755	1,243,673
	Kwangju Bank	44,080	99.9	561,330	124,684	61,250	44,080	99.9	622,580	124,684	98,238
	Kyongnam Bank	51,800	99.9	694,275	132,678	82,723	51,800	99.9	776,998	132,678	139,784
	Woori Finance										
	Info Sys.	900	100.0	11,903	3,473	2,517	900	100.0	14,420	3,473	7,017
	Woori F&I	2,000	100.0	114,017	59,002	-5,010	2,000	100.0	109,007	59,002	19,846
	Woori 3 rd SPC	2	100.0		16,887	13,721	2	100.0	13,721	16,887	-106
DOMESTIC	Woori Investment & Securities (formerly LGIS)	46,325	30.00	604,543	258,839	27,175	46,325	30.60	631,718	258,839	49,931
	Woori CS Asset Management (formerly LGITM)	6,662	100.0	60,600	8,363	-14,827	4,663	70.0	45,773	8,363	9,131
	Woori Private Equity Foreign	2,000	100.0	9,797	-203	1	2,000	100.0	9,798	-203	1
	Total	789,726		11,751,678	1,999	1,809,443	787,727		13,018,168	1,809,443	1,567,515

1. The changes in the quantity and cost are calculated from the increase or decrease under the equity method.
2. The latest net income date is December 2005, except for Woori Asset Management and Woori Investment & Securities for which the latest net income date is March 2006.
3. Due to Woori Investment & Securities profit retirement on January 24, 2006 (2 million common shares, 1 million preferred shares), Woori Finance Holdings percentage ownership increased without change in number of shares held.
4. On May 30, 2006, Woori Asset Management transferred 30% of its shares to Credit Suisse Asset Management International Holding, a 100% subsidiary of Credit Suisse, and it was renamed Woori Credit Suisse Asset Management.

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

As of 2006.9.30

(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			628,458,609	77.97	
		Common	628,458,609	77.97			628,458,609	77.97	
	Total	Preferred					0	0	
		Total	628,458,609	77.97			628,458,609	77.97	

Major Shareholder: KDIC

b. Share Ownership of More than 5%

(units: shares, %)

As of 2005.12.31

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

c. Shareholder Distribution

As of 2005.12.31

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

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

(Companies)

Others Shareholders

(Individual)

Total	41,133	100.00	806,015,340	100.0
-------	--------	--------	-------------	-------

	1	0.00		
--	---	------	--	--

			6,747	0.00
--	--	--	-------	------

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

(units: Won, shares)

Period	April	May	June	July	August	September
High	22,400	22,800	18,700	20,200	19,400	19,950
Low	19,500	19,000	16,800	17,950	18,250	18,950
Monthly Trade Volume	45,181,780	37,752,979	45,838,899	37,393,382	41,424,347	35,307,939

b. Foreign Stock Market (NYSE)

(units: US Dollars, ADR)

Period	April	May	June	July	August	September
ADR						
High	68.71	74.70	60.24	63.84	60.31	63.08
Low	61.30	60.50	51.60	56.41	56.79	58.57
Monthly Trade Volume	197,000	326,300	215,700	89,200	96,700	57,500

* The ADR exchange ratio is three shares of common stock per one ADS.

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

Position		Name	Common Stocks
			Owned
Chairman and CEO	Registered	Young-Key Hwang	
Senior Managing Director and CFO	Registered	Seung Hee Park	
Senior Managing Director	Non-Registered	Seong Mok Park	
Senior Managing Director	Non-Registered	Young-Gaeng Kim	
Non-standing Director	Registered	Je-Hoon Lee	
Non-standing Director	Registered	Sung-Tae Ro	
Non-standing Director	Registered	Sung-Kwan Huh	
Non-standing Director	Registered	Bong Soo Park	
Non-standing Director	Registered	Woon-Youl Choi	
Non-standing Director	Registered	Chung-Sook Moon	
Non-standing Director	Registered	Sung-Hwan Bae	

Sung-Kwan Huh and Bong Soo Park were newly appointed as non-standing directors on March 28, 2006.

Non-standing director Sung-Hwan Bae resigned on July 18, 2006.

2. Employee Status

(units: persons, thousands of Won)

Items	Staff				Average	Average	Note
	Admin.	Manu.	Misc.	Total	Tenure	Quarterly Compensation	
Male	71		1	72	6	2,488,071	34,557
Female	9		11	20	6	376,454	18,823
Total	80		12	92	6	2,864,525	31,136

3. Labor Union Membership

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

4. Number of Professional Personnel

Items	Number	Responsibilities	Remarks
CPA	3	Financial accounting, Financial Planning	

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 Finance Info. Sys	Subsidiary	Other loan	30,000	-	-	30,000	
Woori F&I	Subsidiary	Other loan	80,000	25,000	-	55,000	
	Total		110,000	25,000	-	85,000	

Table of Contents**b. Payment Transactions**

(units: shares)

Name	Relation	Item	Transactions of Payments			Ending	Notes
			Beginning	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	Subsidiary	Common Stock	46,324,981			46,324,981	
(formerly known as LG Investment & Securities)							
Woori Asset Management	Subsidiary	Common Stock	6,662,000		1,998,600	4,663,400	
(formerly known as LG Investment Trust Management)							
Woori Private Equity	Subsidiary	Common Stock	2,000,000			2,000,000	
	Total		789,725,561		1,998,600	787,726,961	

c. Securities Transactions

(units: millions of Won)

Name	Relation	Security type	Transactions				Notes
			Purchase	Sales	Total Amount	Gain/Loss	
Woori CS Asset Management	Subsidiary	MMF	50,000	50,000	100,000	805	
	Total		50,000	50,000	100,000	805	

Table of Contents

EXHIBIT A

FINANCIAL STATEMENTS

44

Table of Contents

SIGNATURES

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

Woori Finance Holdings Co., Ltd.
(Registrant)

Date: November 13, 2006

By: /s/ Youngsun Kim
(Signature)

Name: Youngsun Kim
Title: Director

Table of Contents

WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS

ENDED SEPTEMBER 30, 2006 AND 2005

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Table of Contents

Independent Accountants Review Report

English Translation of a Report Originally Issued in Korean

To the Board of Directors and Shareholders of

Woori Finance Holdings Co., Ltd.:

We have reviewed the accompanying non-consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) as of September 30, 2006 and the related non-consolidated statements of income and cash flows for the three months and nine months ended September 30, 2006 and 2005, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea (See Note 2).

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2005 and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein) and in our report dated February 28, 2006, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2005, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet.

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

Table of Contents

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

November 3, 2006

Notice to Readers

This report is effective as of November 3, 2006, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED BALANCE SHEETS****AS OF SEPTEMBER 30, 2006 AND DECEMBER 31, 2005**

	Korean won		Translation into	
	2006	2005	U.S. dollars (Note 2)	2005
	(In millions)		(In thousands)	
ASSETS				
Cash and bank deposits (Notes 13, 15 and 17)	(Won) 83,183	(Won) 104,072	US\$ 88,006	US\$ 110,106
Investment securities accounted for using the equity method of accounting (Notes 3 and 16)	13,018,168	11,751,678	13,772,924	12,433,007
Loans, net of allowance for possible loan losses (Notes 4, 15 and 17)	84,575	109,450	89,478	115,795
Fixed and intangible assets (Note 5)	118	155	125	164
Other assets (Notes 6 and 17)	62,539	66,428	66,165	70,279
	(Won) 13,248,583	(Won) 12,031,783	US\$ 14,016,698	US\$ 12,729,351
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Debentures, net of discounts (Notes 7 and 15)	(Won) 1,847,289	(Won) 2,296,203	US\$ 1,954,389	US\$ 2,429,330
Other liabilities (Notes 8, 9 and 17)	11,484	18,216	12,150	19,272
	1,858,773	2,314,419	1,966,539	2,448,602
SHAREHOLDERS' EQUITY				
Common stock (Note 10)	4,030,077	4,030,077	4,263,729	4,263,730
Capital surplus (Note 10)	84,488	84,488	89,386	89,386
Retained earnings (Notes 3 and 10):				
Legal reserve	377,249	208,427	399,121	220,511
Voluntary reserve	3,190,000	2,030,000	3,374,947	2,147,694
Retained earnings before appropriations (Net income of (Won)1,597,156 million for the nine months ended September 30, 2006 and (Won)1,688,221 million for the year ended December 31, 2005)	1,598,361	1,653,536	1,691,030	1,749,403
	5,165,610	3,891,963	5,465,098	4,117,608
Capital adjustments (Notes 3 and 10)	2,109,635	1,710,836	2,231,946	1,810,025
	11,389,810	9,717,364	12,050,159	10,280,749
	(Won) 13,248,583	(Won) 12,031,783	US\$ 14,016,698	US\$ 12,729,351

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF INCOME****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005**

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
	(In millions, except for income per share data)				(In thousands, except for income per share data)			
OPERATING REVENUE								
Gain on valuation using the equity method of accounting (Notes 3 and 16)	(Won) 497,023	(Won) 1,567,621	(Won) 709,008	(Won) 1,625,248	US\$ 525,839	US\$ 1,658,507	US\$ 750,114	US\$ 1,719,475
Interest income (Note 17)	5,190	12,955	4,384	12,266	5,491	13,706	4,637	12,977
Reversal of allowance for doubtful accounts	75	125	87	151	79	133	92	160
	502,288	1,580,701	713,479	1,637,665	531,409	1,672,346	754,843	1,732,612
OPERATING EXPENSES								
Loss on valuation using the equity method of accounting (Notes 3 and 16)		106	391	27,433		112	413	29,024
Interest expense	26,237	80,965	29,631	86,456	27,758	85,659	31,349	91,468
Loss on valuation of swap contracts				91				96
Loss on foreign currency transactions				1				1
Fees and commissions (Note 17)	854	5,791	2,756	5,417	904	6,127	2,916	5,731
General and administrative (Notes 14 and 17)	5,044	19,435	7,165	18,161	5,336	20,562	7,580	19,213
	32,135	106,297	39,943	137,559	33,998	112,460	42,258	145,533
OPERATING INCOME	470,153	1,474,404	673,536	1,500,106	497,411	1,559,886	712,585	1,587,079
NON-OPERATING INCOME (Note 2)	122,482	122,761	10	307	129,583	129,878	11	324
NON-OPERATING EXPENSES		9	367	379		9	388	401

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

INCOME BEFORE									
INCOME TAX	592,635	1,597,156	673,179	1,500,034	626,994	1,689,755	712,208	1,587,002	
INCOME TAX EXPENSE (Note 12)									
NET INCOME	(Won) 592,635	(Won) 1,597,156	(Won) 673,179	(Won) 1,500,034	US\$ 626,994	US\$ 1,689,755	US\$ 712,208	US\$ 1,587,002	

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005**

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)			
BASIC ORDINARY INCOME PER COMMON SHARE (Note 18)	(Won) 735	(Won) 1,982	(Won) 835	(Won) 1,866	US\$ 0.78	US\$ 2.10	US\$ 0.88	US\$ 1.98
BASIC NET INCOME PER COMMON SHARE (Note 18)	(Won) 735	(Won) 1,982	(Won) 835	(Won) 1,866	US\$ 0.78	US\$ 2.10	US\$ 0.88	US\$ 1.98
DILUTED ORDINARY INCOME PER COMMON SHARE (Note 18)	(Won)	(Won)	(Won) 835	(Won) 1,861	US\$	<u>US\$</u>	US\$ 0.88	US\$ 1.97
DILUTED NET INCOME PER COMMON SHARE (Note 18)	(Won)	(Won)	(Won) 835	(Won) 1,861	US\$	<u>US\$</u>	US\$ 0.88	US\$ 1.97

See accompanying notes to non-consolidated financial statements.

Table of Contents

WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
	(In millions)				(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	(Won) 592,635	(Won) 1,597,156	(Won) 673,179	(Won) 1,500,034	US\$ 626,994	US\$ 1,689,755	US\$ 712,208	US\$ 1,587,002
Adjustments to reconcile net income to net cash used in operating activities:								
Loss on valuation using the equity method of accounting		106	391	27,433		112	413	29,024
Interest expense (amortization of discounts on debentures)	364	1,086	442	1,527	385	1,149	468	1,616
Loss on valuation of swap contracts				91				96
Provision for severance benefits	139	515	57	618	147	545	60	654
Depreciation	11	63	23	92	12	67	24	97
Amortization on intangible assets	5	16	5	15	5	17	5	16
Other non-operating expenses		1				1		
Gain on valuation using the equity method of accounting	(497,023)	(1,567,621)	(709,008)	(1,625,248)	(525,839)	(1,658,507)	(750,114)	(1,719,475)
Accrued interest on loans	(75)	(125)	(567)	(1,683)	(79)	(133)	(600)	(1,781)
			(87)	(151)			(92)	(160)

Reversal of allowance for doubtful accounts								
Gain on disposal of tangible assets		(19)			(20)			
Other non-operating income	(122,478)	(122,478)		(39)	(129,579)	(129,579)		(41)
	(619,057)	(1,688,456)	(708,744)	(1,597,345)	(654,948)	(1,786,348)	(749,836)	(1,689,954)

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005**

	Korean won				Translation into U.S. dollars (Note 2)				
	2006		2005		2006		2005		
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months	
	(In millions)				(In thousands)				
Changes in operating assets and liabilities:									
Decrease in other receivables	(Won)	(Won)	(Won)	(Won)	451	US\$	US\$	US\$	477
Decrease (increase) in accrued income	(219)	11	(155)	(73)	(232)	12	(164)	(78)	
Decrease (increase) in advanced payments	14	(4)	9	82	15	(4)	10	87	
Decrease (increase) in prepaid expenses	164	(26)	116	546	174	(28)	123	578	
Decrease (increase) in prepaid income tax		1,246	(49)	5,243		1,318	(52)	5,547	
Payment of severance benefits	(91)	(360)	(104)	(118)	(96)	(381)	(110)	(125)	
Decrease in retirement insurance	61	305	75	88	65	323	79	93	
Increase (decrease) in other payables	(235)	(578)	(790)	159	(249)	(612)	(836)	168	
Increase (decrease) in accrued expenses	(2,122)	(3,604)	283	(1,572)	(2,245)	(3,813)	299	(1,663)	
Decrease in withholdings	(99)	(267)	(277)	(214)	(105)	(282)	(293)	(226)	
Dividend income		767,091	1,486	72,541		811,565	1,572	76,747	
	(2,527)	763,814	594	77,133	(2,673)	808,098	628	81,605	
Net cash provided by (used in) operating activities	(28,949)	672,514	(34,971)	(20,178)	(30,627)	711,505	(37,000)	(21,347)	
CASH FLOWS FROM INVESTING									

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

ACTIVITIES:

Capital reduction of a subsidiary			21,938	175,938			23,210	186,138
Disposition of investment securities accounted for using the equity method of accounting		54,000					57,131	
Repayment of available-for-sale securities	80,000	80,000			84,638	84,638		
Collection of loans	15,000	25,000	18,000	31,950	15,869	26,450	19,044	33,802
Disposition of vehicles		19					20	
Refund of guarantee deposits		25					26	

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005**

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
	(In millions)				(In thousands)			
Acquisition of investment securities accounted for using the equity method accounting	(Won)	(Won)	(Won)	(Won)	(84,141) US\$	US\$	US\$	US\$ (89,019)
Acquisition of available-for-sale securities	(30,000)	(80,000)			(31,739)	(84,638)		
Acquisition of furniture and equipment	(6)	(12)			(1)	(6)	(13)	(1)
Acquisition of leasehold improvement	(1)	(14)			(1)	(15)		
Acquisition of industrial property rights	(2)	(16)	(1)	(1)	(2)	(17)	(1)	(1)
Net cash provided by investing activities	64,991	79,002	39,937	123,745	68,759	83,582	42,253	130,919
CASH FLOWS FROM FINANCING ACTIVITIES:								
Proceeds from debentures in local currency			349,418	598,690			369,676	633,400
Repayment of borrowings				(120,000)				(126,957)
Repayment of debentures in local currency	(300,000)	(450,000)	(100,000)	(100,000)	(317,393)	(476,090)	(105,797)	(105,797)
Cost on issuance of new shares				(709)				(750)
Payment of dividends		(322,405)		(119,468)		(341,097)		(126,395)
Net cash provided by (used in) financing activities	(300,000)	(772,405)	249,418	258,513	(317,393)	(817,187)	263,879	273,501

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

NET INCREASE (DECREASE) IN CASH AND BANK DEPOSITS	(263,958)	(20,889)	254,384	362,080	(279,261)	(22,100)	269,132	383,073
CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD	347,141	104,072	163,795	56,099	367,267	110,106	173,292	59,351
CASH AND BANK DEPOSITS, END OF THE PERIOD (Won)	83,183	(Won) 83,183	(Won) 418,179	(Won) 418,179	US\$ 88,006	US\$ 88,006	US\$ 442,424	US\$ 442,424

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005****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, Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the "KDIC") in accordance with the provisions of the Financial Holding Company Act. As a result of its functional restructuring, the Company owns 9 subsidiaries and 15 2nd-tier subsidiaries as of September 30, 2006.

Upon incorporation, the Company's stock amounted to (Won)3,637,293 million, consisting of 727,458,609 common shares ((Won)5,000 per share) issued and outstanding. As a result of several capital increases, exercise of warrants and conversion rights since incorporation, as of September 30, 2006, the Company's stock amounted to (Won)4,030,077 million, consisting of 806,015,340 common shares issued and outstanding of which the KDIC owns 628,458,609 shares (77.97%).

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

(2) The structure of the Company and its subsidiaries as of September 30, 2006 and December 31, 2005 is as follows:

Parent companies	Subsidiaries	2006		2005		Financial statements as of
		Number of shares owned	Percentage of ownership (%)	Number of shares owned	Percentage of ownership (%)	
Woori Finance Holdings Co., Ltd.	Woori Bank	635,956,580	100.0	635,956,580	100.0	Sep. 30
	Kyongnam Bank	51,800,000	99.9	51,800,000	99.9	Sep. 30
	Kwangju Bank	44,080,000	99.9	44,080,000	99.9	Sep. 30
	Woori Finance Information System Co., Ltd.	900,000	100.0	900,000	100.0	Sep. 30
	Woori F&I Co., Ltd.	2,000,000	100.0	2,000,000	100.0	Sep. 30
	Woori Third Asset Securitization Specialty Co., Ltd.	2,000	100.0	2,000	100.0	Sep. 30
	Woori Investment Securities Co., Ltd. (*1)	46,324,981	35.0	46,324,981	34.4	Sep. 30
	Woori Credit Suisse Asset Management Co., Ltd. (*2)	4,663,400	70.0	6,662,000	100.0	Sep. 30
	Woori Private Equity Co., Ltd.	2,000,000	100.0	2,000,000	100.0	Sep. 30
Woori Bank	Woori Credit Information Co., Ltd.	1,008,000	100.0	1,008,000	100.0	Sep. 30(*3)
	Woori America Bank	10,500,000	100.0	10,500,000	100.0	Sep. 30(*3)

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

	PT. Bank Woori Indonesia	1,618	95.2	1,618	95.2	Sep. 30(*3)
	Korea BTL Infrastructure Fund (*4)	2,000,000	100.0			Sep. 30(*3)
	Woori Private Equity Fund (*5)	735	27.6			Sep. 30
	Woori Global Markets Asia Limited (*6)	39,000,000	100.0			Sep. 30(*3)
Kyongnam Bank	Woori Private Equity Fund (*5)	154	5.8			Sep. 30

Table of Contents

Parent companies	Subsidiaries	2006		2005		Financial statements as of
		Number of shares owned	Percentage of ownership (%)	Number of shares owned	Percentage of ownership (%)	
Kwangju Bank	Woori Private Equity Fund (*5)	154	5.8			Sep. 30
Woori F&I Co., Ltd.	Woori SB Asset Management Co., Ltd. (*7)	408,000	51.0	800,000	100.0	Sep. 30
	Woori Private Equity Fund (*5)	89	3.3			Sep. 30
Woori Investment Securities Co., Ltd.	Woori Futures Co., Ltd.	5,000,000	100.0	5,000,000	100.0	Sep. 30
	Woori Investment Securities Int 1 Ltd.	5,788,000	100.0	5,788,000	100.0	Sep. 30(*3)
	Woori Investment Securities (H.K.) Ltd.	22,500,000	100.0	22,500,000	100.0	Sep. 30(*3)
	Woori Investment Securities America, Inc.	300	100.0	300	100.0	Sep. 30(*3)
	LG Investment Holding B.V. (Amsterdam) GG	1,642,398,242	100.0	1,642,398,242	100.0	Sep. 30 (*3)
	High Technology Venture Investment	1,500,000	42.9	1,500,000	42.9	Sep. 30(*3)
	Global Technology Investment	1,500,000	50.0	1,500,000	50.0	Sep. 30(*3)
	MARS First Private Equity Fund (*8)	9,000,000	52.9			Sep. 30(*3)
	Woori Private Equity Fund (*5)	392	14.7			Sep. 30
Woori Private Equity Co., Ltd.	Woori Private Equity Fund (*5)	89	3.3			Sep. 30

(*1) On January 24, 2006, Woori Investment Securities Co., Ltd. (Woori Investment Securities) reduced its treasury stock (1,000,000 shares of preferred stock and 2,000,000 shares of common stock) by extinguishing against retained earnings. As a result, the Company's ownership interest in Woori Investment Securities increased from 34.4% to 35.0%.

(*2) On May 30, 2006, the Company sold 1,998,600 shares (30%) of Woori Asset Management Co., Ltd. (Woori Asset Management) and Woori Asset Management changed its name to Woori Credit Suisse Asset Management Co., Ltd. (Woori CS). As a result, (Won)34,604 million of gain on the disposal of the ownership interest in Woori Asset Management was recorded in capital adjustment.

(*3) The financial statements as of September 30, 2006 are not reviewed. In order to ensure the credibility of the financial statements of those subsidiaries, the Company performed certain procedures in accordance with Practice Statements in Financial Reporting 2002-7. Investee's financial statements applied using the equity method of accounting.

(*4) On June 16, 2006, Woori Bank acquired 2,000,000 shares (100%) of Korea BTL Infrastructure Fund.

(*5) Woori Private Equity Fund (Woori PEF), established on June 23, 2006, has been engaged in investments by private funding and Woori Private Equity Co., Ltd. (Woori PE) is a general partner. As of September 30, 2006, Woori PEF's contributed capital is (Won)2,663 million out of authorized capital of (Won)344,000 million. In addition, Woori PE, Woori Bank, Woori Investment Securities, Kyongnam Bank, Kwangju Bank and Woori F&I invested (Won)1,613 million (60.6%) in Woori PEF as limited partners as of September 30, 2006.

(*6) On August 23, 2006, Woori Bank established Woori Global Markets Asia Limited (common stock amounted to HKD 39,000,000) in Hong Kong as a subsidiary.

(*7) On February 23, 2006, Woori F&I Co., Ltd. sold 392,000 shares (49%) of Woori CA Asset Management Co., Ltd. (Woori CA) and Woori CA changed its name to Woori SB Asset Management Co., Ltd. (Woori SB).

(*8) On September 19, 2006, Woori Investment Securities acquired 52.9% ownership of MARS First Private Equity Fund.

(3) General information pertaining to the Company's subsidiaries as of September 30, 2006 does not differ materially from that as of December 31, 2005.

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

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. dollar amounts is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of (Won)945.20 to US\$ 1.00 at September 30, 2006, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

The accounting policies, which have been adopted in preparing the accompanying non-consolidated financial statements, do not differ materially from those used in preparing the non-consolidated financial statements for the year ended December 31, 2005 except for the following:

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

Korea Accounting Standards Board (KASB) has been issuing new accounting standards that replace the existing Korea Financial Accounting Standards (KFAS) and has issued SKASs No.1 to No.22. The Company had adopted SKASs No.1 to No.17 (except for No.11) before the beginning of 2006 and SKASs

No.18 Interest in Joint Ventures , No.19 Lease and No.20 Related Party Disclosure on or after January 1, 2006, and will adopt SKASs No.21 to No.22 after December 31, 2006.

Significant SKASs newly adopted are summarized below.

1) Related Party Disclosures SKAS No.20

The Company adopted SKAS No.20 Related Party Disclosures in 2006. This statement prescribes the disclosures necessary to draw attention to the possibility that the financial position and profit or loss of an entity may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. It requires disclosing the nature of relationships between parents and subsidiaries, even if there were no transactions between those related parties, and compensation of key management personnel. In addition, transactions between related parties are stated separately for each related party and type of transactions. The adoption of this standard has no effect on the Company's net assets and net income for the three months and nine months ended September 30, 2006 and for the year ended December 31, 2005.

b. Prior Period Adjustments

The Company has not recorded a gain on valuation using the equity method on prior period's income statement relating to unrealized gains for available-for-sale securities and others in capital adjustment which subsidiaries had recorded at acquisition date. Those capital adjustments should have been reflected as a gain on valuation using the equity method at a time when subsidiaries disposed the related available-for-sale securities and others in accordance with a Q&A from the Financial Supervisory Service. The Company corrected (Won)115 billion of net unrealized gains for available-for-sale securities and others in capital adjustment to net income in 2006. The effects on prior periods of (Won)122 billion are reported in the non-operating income and the current year effect of (Won)7 billion is deducted from gain on valuation using the equity method of accounting in the income statement for the nine months ended September 30, 2006.

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

- (1) Changes in investment securities accounted for using the equity method of accounting for the nine months ended September 30, 2006 are as follows (Korean won in millions):

	January 1, 2006	Gain (loss) on valuation using the equity method	Capital adjust- ments	Retained earnings	Acquisition / Disposal	Dividends	September 30, 2006
Woori Bank	(Won) 9,695,213	(Won) 1,243,673	(Won) 449,081	(Won) (1,104)	(Won)	(Won) (592,710)	(Won) 10,794,153
Kyongnam Bank	694,275	139,784	9,243			(66,304)	776,998
Kwangju Bank	561,330	98,238	3,962			(40,950)	622,580
Woori Finance Information System	11,903	7,017				(4,500)	14,420
Woori F&I	114,017	19,846	4,645			(29,501)	109,007
Woori Third Asset Securitization Specialty Woori Investment Securities	604,543	(106)	13,935			(27,795)	631,718
Woori CS	60,600	9,131	768		(19,396)	(5,330)	45,773
Woori PE	9,797	1					9,798
	(Won) 11,751,678	(Won) 1,567,515	(Won) 486,673	(Won) (1,104)	(Won) (19,396)	(Won) (767,198)	(Won) 13,018,168

(*1) Adjustment on dividend receivables

- (2) The reconciliation between the acquisition costs and the book value as of December 31, 2005 is summarized as follows (Korean won in millions):

	Acquisition cost	Gain (loss) on valuation using the equity method	Capital adjustments	Retained earnings	Other increase (decrease)	Dec. 31, 2005
Woori Bank (*1)	(Won) 3,207,893	(Won) 3,966,728	(Won) 1,466,762	(Won) (250,043)	(Won) 1,303,873	(Won) 9,695,213
Kyongnam Bank	259,000	469,775	33,014	(11,466)	(56,048)	694,275
Kwangju Bank	170,403	366,509	8,162	(3,777)	20,033	561,330
Woori Finance Information System	5,244	6,858	5	(204)		11,903
Woori F&I	10,094	101,932	11,073	(60)	(9,022)	114,017

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

Woori Third Asset Securitization Specialty	10	21,860	47,680	(9,890)	(59,660)	
Woori Investment Securities (*2)	507,863	43,624	146,716	(2,577)	(91,083)	604,543
Woori CS (*3)	87,570	9,827	(2,558)		(34,239)	60,600
Woori PE	10,000	(203)				9,797
	(Won) 4,258,077	(Won) 4,986,910	(Won) 1,710,854	(Won) (278,017)	(Won) 1,073,854	(Won) 11,751,678

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

(*2) Included Woori Securities Co., Ltd.

(*3) Included Woori Investment Trust Management Co., Ltd.

Table of Contents

(3) The details of other increase or decrease from the acquisition date to December 31, 2005 are as follows (Korean won in millions):

	Capital			
	reduction	Acquisition	Dividends	Total
Woori Bank (*1)	(Won)	(Won) 2,517,418	(Won) (1,213,545)	(Won) 1,303,873
Kyongnam Bank			(56,048)	(56,048)
Kwangju Bank		57,044	(37,011)	20,033
Woori F&I			(9,022)	(9,022)
Woori Third Asset Securitization Specialty			(59,660)	(59,660)
Woori Investment Securities (*2)	(154,000)	85,121	(22,204)	(91,083)
Woori CS (*3)	(21,939)		(12,300)	(34,239)
	(Won) (175,939)	(Won) 2,659,583	(Won) (1,409,790)	(Won) 1,073,854

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

(*2) Included Woori Securities Co., Ltd.

(*3) Included Woori Investment Trust Management Co., Ltd.

(4) The details of unrealized inter-company income or loss for the nine months ended September 30, 2006 are as follows (Korean won in millions):

	Jan. 1, 2006	Realized	Incurred	Sep. 30, 2006
Woori Bank	(Won) 7,020	(Won) (6,515)	(Won) 5,723	(Won) 6,228
Kyongnam Bank	(40)	(14)		(54)
Kwangju Bank	(5,456)	2,708		(2,748)
Woori Finance Information System	327	649		976
Woori F&I	(234)	(125)		(359)
Woori Third Asset Securitization Specialty	(139)			(139)
	(Won) 1,478	(Won) (3,297)	(Won) 5,723	(Won) 3,904

(5) The details of changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date for the nine months ended September 30, 2006 are as follows (Korean won in millions):

	Jan. 1, 2006	Amortization	Sep. 30, 2006
Woori F&I	(Won) 75	(Won) 4	(Won) 71
Woori Investment Securities	(2,735)	(155)	(2,580)
	(Won) (2,660)	(Won) (151)	(Won) (2,509)

(6) The market value of Woori Investment Securities is (Won)933,448 million ((Won)20,150 per share) as of September 30, 2006.

Table of Contents**4. LOANS**

(1) Loans as of September 30, 2006 and December 31, 2005 are as follows (Korean won in millions):

	Issuance date	Maturity date	Annual interest rate (%)	2006	2005
Woori Finance Information					
System (*1)	Oct. 31, 2002	Oct. 31, 2006	6.3	(Won) 30,000	(Won) 30,000
Woori F&I (*2)	Mar. 25, 2003	Mar. 25, 2007	7.3	32,000	57,000
	Jul. 7, 2003	Jul. 7, 2007	7.3	23,000	23,000
				55,000	80,000
Total				85,000	110,000
Allowance for possible loan losses					
				(425)	(550)
				(Won) 84,575	(Won) 109,450

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

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

(2) Allowances for possible loan losses as of September 30, 2006 and December 31, 2005 are as follows (Korean won in millions):

Loans:	2006	2005
Woori F&I	(Won) 275	(Won) 400
Woori Finance Information System	150	150
	(Won) 425	(Won) 550

5. FIXED ASSETS AND INTANGIBLE ASSETS

(1) Changes in fixed assets for the nine months ended September 30, 2006 and the year ended December 31, 2005 are as follows (Korean won in millions):

	Jan. 1, 2006	Acquisition	Disposition	Depreciation	Sep. 30, 2006
Furniture and equipment	(Won) 75	(Won) 12	(Won)	(Won) 41	(Won) 46

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

Leasehold improvements	45	14		22	37
	(Won) 120	(Won) 26	(Won)	(Won) 63	(Won) 83

	Jan. 1, 2005	Acquisition	Disposition	Depreciation	Dec. 31, 2005
Vehicles	(Won) 7	(Won)	(Won)	(Won) 7	(Won)
Furniture and equipment	142	9	1	75	75
Leasehold improvements	79	1		35	45
	(Won) 228	(Won) 10	(Won) 1	(Won) 117	(Won) 120

- 6 -

Table of Contents

- (2) Changes in intangible assets for the nine months ended September 30, 2006 and the year ended December 31, 2005 are as follows (Korean won in millions):

	Jan. 1, 2006	Acquisition	Amortization	Sep. 30, 2006
Software	(Won) 7	(Won)	(Won) 3	(Won) 4
Industrial property rights	28	16	13	31
	(Won) 35	(Won) 16	(Won) 16	(Won) 35

	Jan. 1, 2005	Acquisition	Amortization	Dec. 31, 2005
Software	(Won) 14	(Won)	(Won) 7	(Won) 7
Industrial property rights	40	2	14	28
	(Won) 54	(Won) 2	(Won) 21	(Won) 35

As of September 30, 2006, accumulated amortization of software and industrial property rights amount to (Won)30 million and (Won)53 million, respectively.

6. OTHER ASSETS

Other assets as of September 30, 2006 and December 31, 2005 are as follows (Korean won in millions):

	2006	2005
Guarantee deposits (Note 17)	(Won) 4,178	(Won) 4,204
Other receivables (Notes 11 and 17)	3,347	6,090
Dividend receivables	53,869	53,761
Accrued income (Note 17)	918	929
Advanced payments	4	
Prepaid expenses	223	198
Prepaid income tax		1,246
	(Won) 62,539	(Won) 66,428

7. DEBENTURES

Debentures in local currency as of September 30, 2006 and December 31, 2005 are as follows (Korean won in millions):

	Issuance	Annual interest		2006	2005
	date	rate (%)	Maturity		
The 8th bonds	Dec. 26, 2002	6.05	Dec. 26, 2007	(Won) 200,000	(Won) 200,000
The 9th bonds	Sep. 19, 2003	4.64	Sep. 19, 2006		300,000
The 10th bonds	Dec. 16, 2003	5.92	Dec. 16, 2008	300,000	300,000
The 11th bonds	Jun. 18, 2004	5.05	Jun. 18, 2009	370,000	370,000
The 12th bonds	Jul. 26, 2004	4.84	Jul. 26, 2009	230,000	230,000

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

The 14th bonds	Nov. 23, 2004	3.49	Nov. 23, 2007	300,000	300,000
The 15th bonds	Jun. 21, 2005	4.31	Jun. 21, 2010	250,000	250,000
The 16th bonds	Sep. 28, 2005	5.10	Sep. 28, 2008	200,000	200,000
The 17th bonds	Sep. 14, 2005	4.15	Apr. 14, 2006		150,000
				1,850,000	2,300,000
Less: discounts				(2,711)	(3,797)
				(Won) 1,847,289	(Won) 2,296,203

- 7 -

Table of Contents**8. OTHER LIABILITIES**

Other liabilities as of September 30, 2006 and December 31, 2005 are as follows (Korean won in millions):

	2006	2005
Accrued severance benefits (Note 9)	(Won) 2,135	(Won) 1,980
Deposits with employee retirement insurance trust (Note 9)	(1,482)	(1,788)
Other payables (Note 17)	206	784
Accrued expenses (Note 11)	10,458	16,806
Withholdings	167	434
	(Won) 11,484	(Won) 18,216

9. ACCRUED SEVERANCE BENEFITS

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate amounted to (Won)2,135 million and (Won)1,980 million as of September 30, 2006 and December 31, 2005, respectively.

The details of changes in the accrued severance benefits for the nine months ended September 30, 2006 and the year ended December 31, 2005 are as follows (Korean won in millions):

	2006	2005
Beginning balance	(Won) 1,980	(Won) 1,230
Provision for severance benefits	515	967
Payment for severance benefits	(360)	(217)
Ending balance	(Won) 2,135	(Won) 1,980

The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of September 30, 2006 and December 31, 2005, the deposits, amounting to (Won)1,482 million and (Won)1,788 million, respectively, are presented as a deduction from accrued severance benefits.

10. SHAREHOLDERS EQUITY

(1) The authorized shares and issued shares of common stock as of September 30, 2006 and December 31, 2005 are as follows:

	2006	2005
Authorized shares of common stock	2,400,000,000	2,400,000,000
Par value	(Won) 5,000	(Won) 5,000
Issued shares of common stock	806,015,340	806,015,340

Table of Contents

- (2) The changes in the capital stock of the Company for the period from its incorporation to September 30, 2006 are as follows (Korean won in millions):

Date	Description	Number of	Capital stock	Paid-in capital
		shares issued		in excess of
			par value	
2001.03.27	Establishment	727,458,609	(Won) 3,637,293	(Won)
2002.06.12	Issuance of new shares	36,000,000	180,000	58,645
In 2002	Exercise of warrants	4,356,188	21,781	
2002.12.31		767,814,797	3,839,074	58,645
In 2003	Exercise of warrants	7,690,113	38,451	(574)
2003.12.31		775,504,910	3,877,525	58,071
In 2004	Issuance of new shares	8,571,262	42,856	14,126
	Exercise of convertible bonds	12,379,386	61,897	12,118
2004.12.31		796,455,558	3,982,278	84,315
In 2005	Exercise of convertible bonds	9,559,782	47,799	24,710
	Acquisition of common shares of Woori CS			(24,537)
2005. 12.31		806,015,340	4,030,077	84,488
2006. 09.30		806,015,340	(Won) 4,030,077	(Won) 84,488

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

- (4) The changes in retained earnings from December 31, 2005 to September 30, 2006 are as follows (Korean won in millions):

	2006
Balance - December 31, 2005	(Won) 1,653,536
Appropriations:	
Dividend	(322,405)
Legal reserve	(168,822)
Voluntary reserve	(1,160,000)
Decrease by using the equity method	(1,651,227)
of accounting	(1,104)
Net income for the nine months ended September 30, 2006	1,597,156
Balance - September 30, 2006	(Won) 1,598,361

- (5) As of September 30, 2006 and December 31, 2005, the Company held 2,554 shares and 2,550 shares of treasury stock, respectively, amounting to (Won)18 million.

11. STOCK OPTIONS

- (1) On December 4, 2002, the Company granted stock options to 62 directors of the Company and its subsidiaries. In 2005, the exercise price of 60 percent of the total number of stock options granted was determined at (Won)11,921 based on the increase in the Korean banking industry stock index (Type A), and for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (Won)6,800 per share and the number of stock options to be dependent by the Company's management performance target levels; non-performing loans ratio, capital adequacy ratio and net income to total asset ratio by 15%, 15% and 10%, respectively (Type B) was finally decided. In addition, the Company made a resolution that the stock-based compensation will be settled by paying cash instead of issuing equity instrument. In connection with this, the Company revalued stock based compensation and recorded (Won)4,168 million of the stock-based payment as liabilities as of September 30, 2006.

Table of Contents

(2) The summary of stock-based compensation granted as of September 30, 2006 is as follows:

Settlement	Type A		Type B	
	Cash settlement		Cash settlement	
Exercise price	(Won)	11,921	(Won)	6,800
Exercisable period	During a three-year period beginning after December 4, 2005			
Initial granted number of rights		936,000 shares		624,000 shares
Cancelled number of rights		216,000 shares		204,000 shares
Exercised number of rights		389,000 shares		275,750 shares
Exercisable number of rights		331,000 shares		144,250 shares
Value per right	(Won)	7,216	(Won)	12,337
Stock-based compensation liabilities	(Won)	2,388 million	(Won)	1,780 million

(3) Each subsidiary is responsible for absorbing the respective stock-based compensation for its management. The subsidiaries recorded the related cost as other payables amounting to (Won)3,346 million and the Company recorded the same amount as other receivables.

12. INCOME TAX EXPENSE

(1) Differences between financial accounting income and taxable income for the nine months ended September 30, 2006 and 2005 are as follows (Korean won in millions):

	2006		2005	
	(Won)	1,597,156	(Won)	1,500,034
Income before income tax				
Non-temporary differences:				
Addition:				
Investment securities	485,905		117,458	
Stock compensation	1,010			
Entertainment expense in excess of tax limit	325			
Other	63		22,209	
	487,303		139,667	
Deduction:				
Dividend income	708,688		123,796	
Investment securities	1,104			
	707,792	(222,489)	123,796	15,871
Temporary differences:				
Addition:				
Long-term other receivables-prior year	2,743			
Unsettled expense	1,458		1,394	
Other	935		100	
	5,136		1,494	
Deduction:				

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

Long-term accrued expenses	3,769		3,498	
Investment securities	1,386,837		1,559,402	
Other	3,805		34,785	
	1,394,411	(1,389,275)	1,597,685	(1,596,191)
Taxable income before donation adjustment		(14,608)		(80,286)
Donation expense in excess of tax limit		9		
Taxable income (tax loss carry forward)		(Won) (14,599)		(Won) (80,286)

- 10 -

Table of Contents

- (2) The changes in cumulative temporary differences and tax loss carry-forwards for the nine months ended September 30, 2006 and 2005 are as follows (Korean won in millions):

2006	Jan. 1, 2006	Decrease	Increase	Sep. 30, 2006	Deferred tax
					assets (liabilities)
(Timing differences to be charged to income tax expense)					
Investment securities	(Won) (3,200,579)	(Won) 12,970	(Won) (921,799)	(Won) (4,135,348)	(Won) (*1)(38,055)
Accrued expenses	2,770	2,770	1,458	1,458	401
Accrued severance benefits	1,188	306	604	1,486	409
Employee retirement deposits	(1,188)	(306)	(604)	(1,486)	(409)
Depreciation	41	18	26	49	13
Accounts receivable	(6,090)	(2,744)		(3,346)	(920)
Dividend receivables	108	108			
Long-term accrued expenses	7,937	3,769		4,168	1,146
	(Won) (3,195,813)	(Won) 16,891	(Won) (920,315)	(Won) (4,133,019)	(Won) (37,415)
(Timing differences to be charged to equity)					
Capital adjustments due to the equity method of accounting					
	(Won) (1,710,854)	(Won) 768	(Won) (485,905)	(Won) (2,197,527)	(Won) (*1)(36,478)
Gain on disposal of investments using the equity method					
			34,604	34,604	9,516
	(Won) (1,710,854)	(Won) 768	(Won) (451,301)	(Won) (2,162,923)	(Won) (26,962)
Timing difference total	(Won) (4,906,667)	(Won) 17,660	(Won) (1,371,617)	(Won) (6,295,942)	(Won) (64,377)
Tax loss carry-forwards	(Won) 222,067	(Won)	(Won) 14,599	(Won) 236,666	(Won) 65,082

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

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

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

Employee retirement deposits	(738)		(300)	(1,038)	(286)
Long-term accrued interest payables	3,498	3,498			
Long-term accrued interest income	(4,506)		(1,683)	(6,189)	(1,702)
Premiums on debentures	65	65			
Adjustment of conversion rights	(53)	(53)			

- 11 -

Table of Contents

2005	Jan. 1, 2005	Decrease	Increase	Sep. 30, 2005	Deferred tax
					assets
					(liabilities)
Dividend receivables	48,873	15,724		33,149	9,116
	(Won) (1,508,874)	(Won) (2,634,424)	(Won) (4,053,190)	(Won) (2,927,640)	(Won) (9,123)
(Timing differences to be charged to equity)					
Capital adjustments due to the equity method of accounting	(Won) (1,063,204)	(Won)	(Won) (177,425)	(Won) (1,240,629)	(Won) (*2)(42,979)
Gain on disposal of investments using the equity method					
	(Won) (1,063,204)	(Won)	(Won) (177,425)	(Won) (1,240,629)	(Won) (42,979)
Timing difference total	(Won) (2,572,078)	(Won) (2,634,424)	(Won) (4,230,615)	(Won) (4,168,269)	(Won) (52,102)
Tax loss carry-forwards	(Won) 109,999	(Won)	(Won) 80,286	(Won) 190,285	(Won) 52,329

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

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

(3) Remaining tax loss carry-forwards and their expirations are as follows (Korean won in millions):

Year incurred	Amount(*1)	Utilized	Remaining	Expiration
2001	(Won) 25,288	(Won)	(Won) 25,288	Dec. 31, 2006
2002	13,899		13,899	Dec. 31, 2007
2003	48,398		48,398	Dec. 31, 2008
2004	22,414		22,414	Dec. 31, 2009
2005	112,068		112,068	Dec. 31, 2010
2006	14,599		14,599	Dec. 31, 2011
	(Won) 236,666	(Won)	(Won) 236,666	

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

(4) As tax expenses of the Company exceed the tax addition on dividends, no income tax payments are expected under the Korean Corporate Tax Act unless the Company sells or liquidates subsidiaries or affiliates. In addition, as the Company does not expect income tax payments, no deferred tax assets or liabilities are recorded in the financial statements.

Table of Contents**13. STATEMENTS OF CASH FLOWS**

The significant transactions without cash flows for the nine months ended September 30, 2006 and 2005 are as follows (Korean won in millions):

Transactions	2006	2005
Changes in capital adjustments due to the equity method of accounting	(Won) 486,673	(Won) 115,255
Changes in retained earnings due to the equity method of accounting	(1,104)	(4,861)
Capital increase due to conversion of convertible bonds in foreign currencies		72,468
Increase in dividend receivables	108	9,966
Stock options on each subsidiary	2,744	(92)

14. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months and nine months ended September 30, 2006 and 2005 are summarized as follows (Korean won in millions):

	2006		2005	
	Three months	Nine months	Three months	Nine months
Salaries, wages and bonuses	(Won) 2,596	(Won) 7,358	(Won) 2,138	(Won) 7,483
Provision for severance benefits (Note 9)	139	515	57	618
Fringe benefits	200	568	176	543
Rent	583	1,736	571	1,715
Entertainment	175	479	135	248
Depreciation (Note 5)	11	63	23	92
Amortization (Note 5)	5	16	5	15
Taxes and dues	14	53	18	56
Advertising	442	5,975	3,053	4,435
Travel	70	169	57	157
Telecommunications	23	68	13	54
Service fees	544	1,660	546	1,713
Suppliers	18	61	18	51
Others	224	714	355	981
	(Won) 5,044	(Won) 19,435	(Won) 7,165	(Won) 18,161

15. FINANCIAL INFORMATION OF SUBSIDIARIES

(1) The condensed balance sheets of subsidiaries as of September 30, 2006 are as follows (Korean won in millions):

	Total		
	Total assets	Total liabilities	shareholders equity
Woori Bank	(Won) 159,065,144	(Won) 148,273,905	(Won) 10,791,239
Kyongnam Bank	15,317,955	14,540,903	777,052
Kwangju Bank	13,154,167	12,528,839	625,328
Woori Finance Information System	326,279	312,836	13,443
Woori F&I	235,690	122,914	112,776

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

Woori Third Asset Securitization Specialty	67,753	53,894	13,859
Woori Investment Securities	11,573,133	9,503,120	2,070,013
Woori CS	69,032	3,640	65,392
Woori PE	11,116	42	11,074
Total	(Won) 199,820,269	(Won) 185,340,093	(Won) 14,480,176

- 13 -

Table of Contents

- (2) The condensed statements of operations of subsidiaries for the nine months ended September 30, 2006 are as follows (Korean won in millions):

	Operating revenue	Operating expenses	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Woori Bank	(Won) 10,929,674	(Won) 9,383,848	(Won) 1,545,826	(Won) 1,669,137	(Won) 1,244,440
Kyongnam Bank	710,692	527,262	183,430	190,642	139,798
Kwangju Bank	561,960	441,053	120,907	122,858	89,735
Woori Finance Information System	179,891	170,921	8,970	8,981	6,367
Woori F&I	17,750	12,919	4,831	28,335	19,975
Woori Third Asset Securitization Specialty	9	115	(106)	(106)	(106)
Woori Investment Securities	1,864,441	1,653,448	210,993	272,218	188,206
Woori CS	24,081	10,269	13,812	13,834	9,872
Woori PE	248	1,567	(1,319)	(1,297)	1
	(Won) 14,288,746	(Won) 12,201,402	(Won) 2,087,344	(Won) 2,304,602	(Won) 1,698,288

- (3) Significant liabilities and assets of the Company and its subsidiaries as of September 30, 2006 are summarized as follows (Korean won in millions):

1) Significant liabilities

	Deposits	Borrowings	Debentures	Total
Woori Finance Holdings	(Won) 1,847,289	(Won) 1,847,289	(Won) 1,847,289	(Won) 1,847,289
Woori Bank	97,705,056	12,980,779	22,970,280	133,665,115
Kyongnam Bank	10,687,163	2,346,950	894,072	13,928,185
Kwangju Bank	9,401,062	1,965,629	679,348	12,046,039
Woori Finance Information System		263,000		263,000
Woori F&I		113,900		113,900
Woori Investment Securities	2,664,905	3,201,038	149,846	6,015,789
Total	(Won) 120,458,186	(Won) 20,871,296	(Won) 26,549,835	(Won) 167,879,317

2) Significant assets

Cash and due

	from banks	Securities	Loans	Total
Woori Finance Holdings	(Won) 83,183	(Won) 13,018,168	(Won) 84,575	(Won) 13,185,926
Woori Bank	6,921,666	26,799,096	113,261,222	146,981,984
Kyongnam Bank	606,341	4,132,250	9,817,130	14,555,721
Kwangju Bank	741,456	3,416,087	8,383,438	12,540,981
Woori Finance Information System	142,151	512		142,663
Woori F&I	38,423	88,033	91,699	218,155
Woori Third Asset Securitization Specialty	517	67,235		67,752

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

Woori Investment Securities	1,664,450	7,110,089	1,697,917	10,472,456
Woori CS	43,625	10,475	581	54,681
Woori PE	10,468			10,468
	(Won) 10,252,280	(Won) 54,641,945	(Won) 133,336,562	(Won) 198,230,787

- 14 -

Table of Contents

- (4) Loans subject to allowance for possible loan losses, allowance for possible loan losses and percentage of allowance to loans of each subsidiary as of September 30, 2006 are summarized as follows (Korean won in millions):

	Loans subject to allowance for possible loan losses		Allowance (Won)	Percentage of allowance to loans (%)
	(Won)			
Woori Bank	(Won) 114,668,841		(Won) 1,407,619	1.23
Kyongnam Bank	9,931,097		113,967	1.15
Kwangju Bank	8,470,574		87,136	1.03
Woori F&I	92,160		461	0.50
Woori Investment Securities	1,842,483		144,566	7.85
Woori CS	584		3	0.51
Total	(Won) 135,005,739		(Won) 1,753,752	1.30

16. CONTRIBUTIONS TO NET INCOME BY SUBSIDIARIES

Contributions to net income of the Company by subsidiaries after elimination of unrealized inter-company incomes or losses for the nine months ended September 30, 2006 are as follows (Korean won in millions):

	2006 (Won)	Ratio (%)
Woori Bank	(Won) 1,243,673	79.3
Kyongnam Bank	139,784	8.9
Kwangju Bank	98,238	6.3
Woori Finance Information System	7,017	0.4
Woori F&I	19,846	1.3
Woori Third Asset Securitization Specialty	(106)	
Woori Investment Securities	49,931	3.2
Woori CS	9,131	0.6
Woori PE	1	
Gain on valuation using the equity method of accounting	1,567,515	100.0
Other income	135,840	
Other expenses	106,199	
Net income	(Won) 1,597,156	

Table of Contents**17. TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES**

(1) Account balances with the subsidiaries as of September 30, 2006 and December 31, 2005 are as follows (Korean won in millions):

	2006	2005	
<Assets>			
Woori Bank	(Won) 61,033	(Won) 83,439	Cash and bank deposits
	4,153	4,153	Guarantee deposits
	2,595	4,305	Other receivables
	252	102	Accrued income
Kyongnam Bank	11,198	10,321	Cash and bank deposits
	13	10	Accrued income
Kwangju Bank	10,952	10,311	Cash and bank deposits
	7	6	Accrued income
Woori Finance Information System	30,000	30,000	Loans
	173	363	Other receivables
	316	316	Accrued income
Woori F&I	55,000	80,000	Loans
	330	496	Accrued income
Woori Credit Information	384	721	Other receivables
Woori SB	195	385	Other receivables
Woori CS		315	Other receivables
Principal guaranteed trust accounts of Woori Bank	1,482	1,788	Deposits with employee retirement trust
	(Won) 178,083	(Won) 227,031	
<Liabilities>			
Woori Bank	(Won) 115	(Won) 135	Other payables

(2) Transactions with the subsidiaries for the nine months ended September 30, 2006 and 2005 are as follows:

	2006	2005	Account
<Revenues>			
Woori Bank	(Won) 4,435	(Won) 1,581	Interest income on deposits
Kyongnam Bank	1,275	275	Interest income on deposits
Kwangju Bank	992	256	Interest income on deposits
		1,683	Interest income on loans
Woori Finance Information System	1,414	1,364	Interest income on loans
Woori F&I	3,972	6,062	Interest income on loans
Principal guaranteed trust accounts of Woori Bank	4		Interest income on deposits
Woori Third Asset Securitization Specialty		1,041	Interest income on loans
	(Won) 12,092	(Won) 12,262	
<Expenses>			
Woori Bank	(Won)	(Won) 2,185	Loss on valuation of swap contracts
	1,541	1,696	Rent
Woori Finance Information System	1,311	319	Service fees
		1,444	Other administrative expenses

(Won) 2,852 (Won) 5,644

Table of Contents

- (3) The Company compensated 10 management personnel as registered or non-registered directors, who have the important authorities and responsibilities for the plan, management and control of the Company for (Won) 2,279 million of salaries and recorded (Won)244 million of provision for severance benefits for the nine months ended September 30, 2006.

- 17 -

Table of Contents**18. EARNINGS PER COMMON SHARE**

- (1) Basic ordinary income per common share and basic net income per common share for the three months and nine months ended September 30, 2006 and 2005 are as follows (Korean won in millions, except for earnings per share data):

	2006		2005	
	Three months	Nine months	Three months	Nine months
Net income on common shares	(Won) 592,635	(Won) 1,597,156	(Won) 673,179	(Won) 1,500,034
Extraordinary gain				
Income tax effect on extraordinary gain				
Ordinary income on common shares	(Won) 592,635	(Won) 1,597,156	(Won) 673,179	(Won) 1,500,034
Weighted average number of common shares outstanding	806,012,788	806,012,788	806,012,791	803,815,131
Basic ordinary income per common shares	(Won) 735	(Won) 1,982	(Won) 835	(Won) 1,866
Basic net income per common shares	(Won) 735	(Won) 1,982	(Won) 835	(Won) 1,866

- (*) Basic net income and basic ordinary income per common share for the year ended December 31, 2005 are (Won)2,099. Basic net income and basic ordinary income per common for three months ended March 31, 2006 and June 30, 2006 are (Won)546 and (Won)700, respectively.

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

	2005	
	Three months	Nine months
Diluted net income on common shares	(Won) 673,179	(Won) 1,500,410
Extraordinary gain		
Income tax effect on extraordinary gain		
Diluted ordinary income on common shares	(Won) 673,179	(Won) 1,500,410
Weighted average number of common and dilutive common shares outstanding	806,559,030	806,443,077
Diluted ordinary income per common shares	(Won) 835	(Won) 1,861
Diluted net income per common shares	(Won) 835	(Won) 1,861

- (*) Diluted net income and diluted ordinary income per common share for the year ended December 31, 2005 are (Won)2,095. There are no diluted net income and diluted ordinary income for the nine months ended September 30, 2006 because all convertible securities were converted into common shares for the year ended December 31, 2005.

19. INSURANCE

As of September 30, 2006, the Company has insurance for liability of reparation of directors with Samsung Fire Insurance Co., Ltd. The insurance coverage is (Won)30,000 million.

Table of Contents

20. AGREEMENT ON THE IMPLEMENTATION OF A MANAGEMENT IMPROVEMENT PLAN

Since December 30, 2000, the Company's three subsidiaries, Woori Bank, Kyongnam Bank and Kwangju Bank, and the KDIC have entered into agreements for the implementation of management improvement plans for the banks. Under the agreements, the three subsidiaries are obligated to improve financial ratio, such as BIS capital ratio, Return on Assets (ROA), Return on Equity (ROE), Non-performing loan rate and adjusted operating income (AOI) per person. If the three subsidiaries fail to implement the agreements, the KDIC may command for the three subsidiaries to increase or decrease their capital, pursue mergers, assign contracts such as loans and deposits, or close or sell parts of their business operations.

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

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