

WOORI FINANCE HOLDINGS CO LTD
Form 6-K
May 12, 2006

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 May 2006

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes No

Summary of 2005 Business Report

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I. Company Overview

1. Purpose of the Company

a. Scope of Business

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

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

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

b. Scope of Business of Subsidiaries

(1) Woori Bank

1. Primary Businesses

- Banking business
- Ancillary business

2. Supplementary Businesses

- Trust business
- Credit card business
- Other authorized businesses

(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

1. Securities dealing;

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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;

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

(5) Woori Asset Management

1. Creation/cancellation of investment trusts;
2. Management of investment trust assets;
3. Management of mutual funds;

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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;

11. Domestic and global economy and capital markets research;
12. Securities dealing;
13. Publishing investment related books;
14. Real estate leasing;
15. Other activities approved by the Indirect Investment Asset Management Business Act;
16. Other businesses and activities related to the items listed above; and
17. Other businesses approved by relevant regulatory agencies.

(6) Woori Finance Information System

1. Development, distribution and management of computer systems;
2. Consulting services in computer installation and usage;
3. Distribution, brokerage and lease of computer systems;
4. Maintenance of computer-related equipment;
5. Publication and distribution of IT-related reports and books;
6. Educational services related to computer usage;
7. Research and outsourcing information processing services;
8. Internet-related businesses;
9. Information processing, telecommunications and information distribution services;
10. Manufacturing and distribution of audio-visual media; and

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11. All activities directly or indirectly related to the items listed above.

(7) Woori F&I

1. Purchase and disposition of ABSs, issued primarily to securitize distressed assets, pursuant to the Asset Securitization Law;
2. Purchase and disposition of asset management companies that had been initially set up to manage distressed assets pursuant to the Asset securitization Law; and
3. All businesses or activities directly or indirectly related to the businesses listed above.

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

1. Transfer, management and disposition of all rights related to the securities and other assets (the securitized assets) of Woori Bank (formerly known as Hanvit Bank) and Kwangju Bank pursuant to the Asset Securitization Law;
2. Offering and redemption of the securitized assets;
3. Preparation and registration of asset securitization plans to the Financial Supervisory Service;
4. Execution of agreements required for the asset securitization plan;
5. Provisional borrowing and other similar procedures for ABS redemption;
6. Investment of surplus funds; and
7. Other activities related to the items listed above.

(9) Woori Private Equity

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

2. History of the Company

a. Company History

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

| | |
|--------------------|---|
| December 23, 2000 | Enactment of the Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of Won 8.5 trillion in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed application for the incorporation of Woori Finance Holdings |
| March 24, 2001 | Official approval from the Financial Supervisory Service for Woori Finance Holdings |
| March 27, 2001 | Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: Won 3.6 trillion) |
| April 2, 2001 | Official launch of Woori Finance Holdings |
| July 16, 2001 | Issued bonds with warrants |
| September 1, 2001 | Hanaro Merchant Bank's name changed to Woori Merchant Bank |
| September 29, 2001 | Woori Finance Information System incorporated as a subsidiary |
| December 3, 2001 | Woori Asset Management incorporated as a subsidiary |
| December 3, 2001 | Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 26, 2001 | Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 31, 2001 | Spin-off and merger of Peace Bank; Launch of Woori Credit Card |
| March 15, 2002 | Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| March 29, 2002 | Woori Investment Trust Management incorporated as a subsidiary |
| May 20, 2002 | Havit Bank's name changed to Woori Bank |
| June 11, 2002 | Capital increase through public offering (Total capital: Won 3.8 trillion) |
| June 24, 2002 | Listed on the Korea Stock Exchange |

| | |
|--------------------|---|
| 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 |

| | |
|-------------------|---|
| 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 | Transfer of 30% of shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse. |

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 |
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| December 3, 2001 | Woori Asset Management incorporated as a subsidiary |

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|--------------------|--|
| December 3, 2001 | Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 26, 2001 | Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 31, 2001 | Spin-off and merger of Peace Bank; Launch of Woori Credit Card |
| March 15, 2002 | Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| March 29, 2002 | Woori Investment Trust Management incorporated as a subsidiary |
| May 20, 2002 | Havit Bank's name changed to Woori Bank |
| June 11, 2002 | Capital increase through public offering (Total capital: Won 3.8 trillion) |
| June 24, 2002 | Listed on the Korea Stock Exchange |
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| 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 | Transfer of 30% of shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse. |

(2) Related companies within the business group

| Type | Name of Company | Controlling Company | Notes |
|-----------------------------------|--|----------------------------------|--------------|
| Holding Company | Woori Finance Holdings | KDIC | |
| 1 st Tier Subsidiaries | Woori Bank Kwangju Bank Kyongnam Bank Woori Finance Information System Woori F & I | Woori Finance Holdings | 9 companies |
| | Woori Third Asset Securitization Specialty Woori Asset Management Woori Investment & Securities Woori Private Equity | | |
| 2 nd Tier Subsidiaries | Woori Credit Information Woori America Bank P.T. Bank Woori Indonesia Shinwoo Corporate Restructuring Company | Woori Bank | |
| | Nexbi Tech | Woori Finance Information System | |
| 2 nd Tier Subsidiaries | Woori SB Asset Management (1) | Woori F&I | 12 companies |
| | Woori Futures Woori Investment & Securities International Ltd. Woori Investment & Securities (HK) Ltd. Woori Investment & Securities America Inc. Mars First Private Hoesa | Woori Investment & Securities | |

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

* Former 2nd tier subsidiary, Woori First Private Equity Fund, was dissolved on March 31, 2006.

3. Capital Structure**a. Changes in Capital**

(units: Won)

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

b. Anticipated Changes in Capital

Not applicable

c. Convertible Bonds

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

4. Total Number of Authorized Shares

a. Total Number of Authorized Shares

As of 2005.12.31 (units: shares)

| Items | Common Shares | Type | 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 | 2,551 | | 2,551 |
| Free float shares | 806,012,789 | | 806,012,789 |

b. Capital and Price per Share

As of 2006.3.31 (units: Won, shares)

| Type | Capital | Par value of issued shares | Par value of free float shares | Par value per share | Price per share Capital ÷ number of shares issued | Capital ÷ free float shares |
|-------------------------|-------------------|----------------------------|--------------------------------|---------------------|---|-----------------------------|
| Registered Common Stock | 4,030,076,700,000 | 4,030,076,700,000 | 4,030,063,945,000 | 5,000 | 5,000 | 5,000 |
| Total | 4,030,076,700,000 | 4,030,076,700,000 | 4,030,063,945,000 | 5,000 | 5,000 | 5,000 |

c. Treasury Stock

As of 2006.3.31 (units: shares)

| Acquisition | | Type of Stock | Beg. | Acquired | Disposal | Canceled | End | Remarks |
|---|--|---------------|-------|----------|----------|----------|-------|---------|
| Method | | Common | | | | | | |
| Direct purchase under | | | | | | | | |
| Sub-section 1, section 189-2 | | Preferred | | | | | | |
| Direct purchase other than the conditions under | | Common | 2,550 | 1 | | | 2,551 | |
| Sub-section 1, section 189-2 | | Preferred | | | | | | |
| Subtotal | | Common | 2,550 | 1 | | | 2,551 | |
| Indirect acquisition from trust agreement | | Preferred | | | | | | |
| Total | | Common | 2,550 | 1 | | | 2,551 | |
| | | Preferred | | | | | | |

d. Status of Employee Stock Option Program

| | | (units: Won, shares) | |
|------------------------|---------------|----------------------|----------------|
| | | Initial | Ending |
| Type of stock | Type of Stock | Balance | Balance |
| Employee Account | | | |
| Employee Union Account | Common stock | 101,793 | 68,493 |

5. Voting Rights

| As of 2005.12.31 | | (units: shares) | |
|---|------------------|------------------------|--------------|
| Items | | Number of stock | Notes |
| Total number of shares | Common Shares | 806,015,340 | |
| | Preferred Shares | | |
| Stocks without voting rights | Common Shares | | |
| | Preferred Shares | | |
| Stocks with limited voting rights under the Securities & Exchange Law | | 2,551 | |
| Stocks with voting rights restored | | | |
| Stocks with voting rights | Common Shares | 806,012,789 | |
| | Preferred Shares | | |

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

| Items | 2005 | 2004 | (units: Won) |
|--|------------------|------------------|--------------|
| | | | 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 | | |

II. Description of Business

1. Business Overview

a. Organizational Chart

As of 2006.3.31

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

| Items | (units: millions of Won) | | |
|---------------------|--------------------------|------------|-----------|
| | 2006 1Q | 2005 | 2004 |
| Shareholders Equity | 9,883,762 | 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 | 4,008,452 | 3,891,963 | 2,328,854 |
| Capital Adjustments | 1,760,745 | 1,710,836 | 1,052,565 |
| Borrowings | 2,632,639 | 2,314,419 | 2,299,992 |
| Debtentures | 2,296,558 | 2,296,203 | 2,154,637 |
| Bank Borrowings | | | 120,000 |
| Commercial Paper | | | |
| Other Borrowings | | | |
| Other Liabilities | 336,081 | 18,216 | 25,354 |
| Total | 12,516,401 | 12,031,783 | 9,748,044 |

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

(2) Use of Funds

(units: millions of Won)

| Items | 2006 1Q | 2005 | 2004 |
|--|------------|------------|-----------|
| Subsidiary Stock | 11,538,696 | 11,751,678 | 9,436,975 |
| Woori Bank | 9,507,021 | 9,695,213 | 7,589,957 |
| Kyongnam Bank | 674,431 | 694,275 | 608,802 |
| Kwangju Bank | 555,681 | 561,330 | 420,595 |
| Woori Financial Information System | 7,763 | 11,903 | 7,613 |
| Woori F&I | 99,850 | 114,017 | 58,231 |
| Woori 3 rd Asset Securitization Specialty | | | |
| Woori Investment Trust Management | | | 35,076 |
| Woori Securities | | | 361,500 |
| Woori Investment & Securities | 620,419 | 604,543 | 355,201 |
| Woori Asset Management | 64,089 | 60,600 | |
| Woori Private Equity | 9,442 | 9,797 | |
| Loan Obligations | 109,450 | 109,450 | 218,641 |
| Tangible Assets | 90 | 119 | 228 |
| Intangible Assets | 30 | 35 | 54 |
| Cash | 800,209 | 104,072 | 56,099 |
| Other Assets | 67,925 | 66,428 | 36,047 |
| Total | 12,516,401 | 12,031,783 | 9,748,044 |

c. Transactions related to Commission Fees

(units: millions of Won)

| Category | Items | 2006 1Q | 2005 1Q | 2005 |
|-------------------------|-------|---------|---------|---------|
| Commission Revenue (A) | | 0 | 0 | 0 |
| Commission Expense (B) | | 1,457 | 1,056 | 6,641 |
| Commission Profit (A-B) | | (1,457) | (1,056) | (6,641) |

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 1Q | 2005 | 2004 | 2003 |
|-------------------------|---------|---------|---------|----------|
| Current Assets (A) | 800,606 | 111,091 | 57,346 | 203,202 |
| Current Liabilities (B) | 485,706 | 18,216 | 11,385 | 9,711 |
| Current Ratio (A/B) | 164.83% | 609.85% | 503.70% | 2,092.5% |

* **Current ratio**
 = assets with maturity of less than 3 months
 liabilities with maturity of less than 3 months

b. Foreign Currency-denominated Current Ratio

(units: millions of Won)

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

* **Current ratio**
 = assets with maturity of less than 3 months
 liabilities with maturity of less than 3 months

c. Debt Ratio

(units: millions of Won)

| Items | 2006 1Q | 2005 | 2004 | 2003 |
|------------------|-----------|-----------|-----------|-----------|
| Liabilities (A) | 2,632,639 | 2,314,418 | 2,299,992 | 2,649,920 |
| Equity (B) | 9,883,762 | 9,717,364 | 7,448,052 | 5,597,895 |
| Debt Ratio (A/B) | 26.64% | 23.8% | 30.9% | 47.3% |

d. Credit ratings for the past three years

| Date of Rating | Evaluated Securities | Credit | Company | Evaluation |
|----------------|----------------------|--------|-----------------------|---------------------|
| | | Rating | (Ratings Range) | Category |
| 2001.6.27 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2001.6.28 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2001.9.26 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2001.9.26 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2001.11.29 | | BBB- | R&I (AAA~C) | Case evaluation |
| 2002.10.17 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2002.10.22 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2002.11. 8 | | BBB- | R&I (AAA~C) | Periodic evaluation |
| 2002.12.13 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2002.12.16 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2003.6.30 | Debentures | AA+ | KIS Ratings (AAA~D) | Periodic evaluation |
| 2003.9.8 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2003.9.8 | Debentures | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2003.11.13 | | BBB | R&I (AAA~C) | Periodic evaluation |
| 2003.12.04 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2003.12.04 | Debentures | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2004.2.6 | | BBB | Fitch Rating (AAA~D) | Case evaluation |
| 2004.3.11 | | BBB | S&P (AAA~D) | Case evaluation |
| 2004.5.27 | | Baa3 | Moody s (Aaa~C) | Case evaluation |
| 2004.6.9 | Debentures | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2004.6.9 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2004.7.16 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2004.7.16 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2004.11.15 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2004.11.15 | Debentures | AAA | KIS Ratings (AAA~D) | Case evaluation |
| 2005.6.7 | | BBB | S&P (AAA~D) | Case evaluation |
| 2005.6.9 | Debentures | AAA | KIS Ratings (AAA~D) | Case evaluation |
| 2005.6.13 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2005.9.16 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2005.9.20 | Debentures | AAA | KIS Ratings (AAA~D) | Case evaluation |
| 2005.10.24 | | BBB+ | Fitch Rating (AAA~D) | Case evaluation |

e. Other Important Information

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

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

(units: millions of Won)

| Items | 2006 1Q | 2005 | 2004 | 2003 | 2002 |
|----------------------------|------------|------------|-----------|-----------|-----------|
| Cash and Due from Banks | 800,209 | 104,072 | 56,099 | 349,585 | 73,256 |
| Securities | 11,538,696 | 11,751,678 | 9,436,976 | 7,007,222 | 6,062,119 |
| Loans | 109,450 | 109,450 | 218,641 | 830,566 | 1,231,207 |
| Fixed Assets | 121 | 155 | 282 | 293 | 374 |
| Other Assets | 67,925 | 66,428 | 36,046 | 60,148 | 22,195 |
| Total Assets | 12,516,401 | 12,031,783 | 9,748,044 | 8,247,814 | 7,389,151 |
| Borrowings | 0 | 0 | 120,000 | 0 | 300,000 |
| Debentures | 2,296,558 | 2,296,203 | 2,154,636 | 2,621,182 | 1,999,250 |
| Other Liabilities | 336,081 | 18,216 | 25,355 | 28,737 | 25,772 |
| Total Liabilities | 2,632,639 | 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 | 4,008,452 | 3,891,963 | 2,328,854 | 1,282,866 | 1,145,518 |
| Capital Adjustment | 1,760,745 | 1,710,836 | 1,052,565 | 376,180 | 20,892 |
| Total Stockholder's Equity | 9,883,762 | 9,717,364 | 7,448,053 | 5,597,895 | 5,064,129 |
| Operating Income* | 475,306 | 1,867,488 | 1,922,849 | 1,593,251 | 878,488 |
| Operating Expenses * | 35,236 | 179,189 | 662,975 | 1,390,154 | 302,721 |
| Operating Profit | 440,070 | 1,688,299 | 1,259,874 | 203,097 | 575,767 |
| Ordinary Income | 440,107 | 1,688,221 | 1,261,925 | 202,565 | 589,214 |
| Net profit | 440,107 | 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.

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.

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 1Q | Lendings | 110,000 | 550 | 0.5% |
| | Loans | | | |
| | Total | 110,000 | 550 | 0.5% |
| 2005 | Lendings | 110,000 | 550 | 0.5% |
| | Loans | | | |
| | Total | 110,000 | 550 | 0.5% |
| 2004 | Lendings | 151,850 | 759 | 0.5% |
| | Loans | 67,890 | 339 | 0.5% |
| | Total | 219,740 | 1,098 | 0.5% |

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

(units: millions of Won)

| Item | 2006 1Q | 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 | 0 | -548 | -3,076 |
| Ending loan loss reserve balance | 550 | 550 | 1,098 |

4. Notes on Consolidated Financial Statements

(1) Auditor's opinion

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

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

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

IV. Independent Auditor's Opinion**1. Independent Auditor's Opinion****a. Independent Auditor**

2006 1Q
Deloitte Anjin

2005
Deloitte Anjin

2004
Deloitte HanaAnjin

2003
Deloitte & Touche

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

(units: millions of Won)

| Year | Auditor | Activity | Compensation | Accrued Time (hr) |
|---------|--------------------|--|--------------|-------------------|
| 2006 1Q | Deloitte Anjin | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 320 | 1,158 |
| 2005 | Deloitte Anjin | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 320 | 5,950 |
| 2004 | Deloitte HanaAnjin | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 310 | 7,158 |
| 2003 | Deloitte & Touche | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 283 | 6,751 |

b. Compensation for services other than the Audit

(units: thousands of dollars)

| Year | Contract Date | Activity | Period | Comp. | Note |
|---------|---------------|------------------|----------------|-------|--------------------|
| 2006 1Q | | | | | |
| 2005 | 2006.2.9 | US GAAP Auditing | 2005.12-2006.5 | 1,950 | Deloitte Anjin |
| 2004 | 2005.3.25 | US GAAP Auditing | 2004.12-2005.5 | 2,050 | Deloitte HanaAnjin |
| 2003 | 2003.7.30 | US GAAP Auditing | 2003.8-2004.5 | 4,500 | Deloitte & Touche |

V. Corporate Governance and Affiliated Companies

1. Overview of the Corporate Governance

a. About the Board of Directors

(1) Board of Directors

A. Duties of Boards of Directors

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

B. Information Regarding the Board of Directors

The following information was stated in the notice to the shareholders of the annual general meeting and in the explanation of bill on March 10 and 11, 2006, respectively.

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

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

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

| | | | | |
|--|--------------------------|--|------------|------------|
| <p>Non-standing Director and audit Committee</p> | <p>Sung-Kwan Huh</p> | <ul style="list-style-type: none"> - B.B.A. in Business Administration, Dong-A University - Masters in Business Administration, State University of New York at Buffalo - Ph.D. in Business Administration, State University of New York at Buffalo - Minister of Government Administration and Home Affairs - President of Gwangju Institute of Science and Technology | <p>N/A</p> | <p>N/A</p> |
| <p>Non-standing Director and audit Committee</p> | <p>Bong Soo Park</p> | <ul style="list-style-type: none"> - B.B.A. in Business Administration, Seoul National University - Masters in Economics, George Washington University - Chief Director of Korea Technology Credit Guarantee Fund - Currently Executive Advisor at Korea Institute for International Economics Policy | <p>N/A</p> | <p>N/A</p> |

C. Appointment of Non-standing Directors

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

* Article 42 (Committee)

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

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

D. Committees within Board of Directors

1. BOD Management Committee

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

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 3 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.

* 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 | Chairman/CEO Young-Key Hwang heads this committee. The committee consists of the Chairman/CEO, CFO and no less than 3 non-standing directors. |
| Seung Hee Park | Senior managing director and CFO | |
| Sung-Tae Ro | Non-standing Director | |
| Sung-Kwan Huh | Non-standing Director | |
| Bong Soo Park | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |

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

* Oh-Seok Hyun resigned on March 28, 2006.

4. Audit Committee

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

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

5. Executive Management Committee

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

and CFO

directors.

* Jong-Wook Kim resigned on March 28, 2006.

6. Ethics Management Committee

| Name | Position | Notes |
|-----------------|-------------------------------------|---|
| Young-Key Hwang | Chairman and CEO | |
| Seung Hee Park | Senior managing director and CFO | Non-standing director Chung-Sook Moon heads this committee consisting of all executive directors and no less than 2 non-standing directors. |
| Je-Hoon Lee | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |

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

* Oh-Seok Hyun resigned on March 28, 2006.

7. Non-standing Director Candidate Nomination Committee

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

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

8. MOU Review Committee

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| Name | Position | Notes |
|-----------------|-------------------------------------|--|
| Young-Key Hwang | Chairman and CEO | |
| 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 | Chairman/CEO Young-Key Hwang heads this committee consisting of the entire board of directors. |
| Bong Soo Park | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |

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

* Vice chairman Jong-Wook Kim and Director Oh-Seok Hyun resigned.

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E. Stock Options

As of
2005.12.31

(units: Won, shares)

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

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| | | | | | | | | |
|------------|-----------------------------|------------|--------|--------|--------|--------|--------|--------|
| Jin Kyu | Director of related company | 2002.12.04 | Common | 45,000 | 42,750 | 2,250 | 0 | 20,100 |
| Park | | | | | | | | |
| Jong Ku | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 30,000 | 0 | 20,100 |
| Min | | | | | | | | |
| Jong Hwee | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Lee | | | | | | | | |
| Dong Myun | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Suh | | | | | | | | |
| Ki Shin | Director of related company | 2002.12.04 | Common | 30,000 | 18,000 | 1,500 | 10,500 | 20,100 |
| Kim | | | | | | | | |
| Young Seok | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Kim | | | | | | | | |
| Byung Kil | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Choi | | | | | | | | |

| Grantee | Relationship | Grant date | Type of stock | No. of granted options | Exercised options | Cancelled options | Exercisable options | Closing Price |
|-----------------|-----------------------------|------------|---------------|------------------------|-------------------|-------------------|---------------------|---------------|
| Young Ho Park | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Tae Woong Chung | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Dong Chan Bae | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Dae Hwan Kim | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Young Ha Kim | Director of related company | 2002.12.04 | Common | 10,000 | 3,500 | 500 | 6,000 | 20,100 |
| Young Yong Kim | Director of related company | 2002.12.04 | Common | 10,000 | 3,500 | 500 | 6,000 | 20,100 |
| Taik Su Han | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Sang Im Park | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Joon Ho Hahm | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Joon Ho Lee | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 500 | 28,500 | 20,100 |
| Joo Sun Yeom | Director of related company | 2002.12.04 | Common | 20,000 | 0 | 1,000 | 19,000 | 20,100 |
| Ga Seok Chae | Director of related company | 2002.12.04 | Common | 20,000 | 0 | 1,000 | 19,000 | 20,100 |
| Sung Wook Park | Director of related company | 2002.12.04 | Common | 5,000 | 4,750 | 250 | 0 | 20,100 |
| Ki Seok Kim | Director of related company | 2002.12.04 | Common | 5,000 | 0 | 250 | 4,750 | 20,100 |
| Jae Ki Hong | Director of related company | 2002.12.04 | Common | 5,000 | 4,750 | 250 | 0 | 20,100 |
| Sam Su Pyo | Director of related company | 2002.12.04 | Common | 40,000 | 38,000 | 2,000 | 0 | 20,100 |
| Jung Rak Chun | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 30,000 | 0 | 20,100 |
| Won Chul Hwang | Director of related company | 2002.12.04 | Common | 20,000 | 0 | 1,000 | 19,000 | 20,100 |
| Jong Hwee Kim | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 150,000 | 0 | 20,100 |
| Sung Hoo Kwak | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Seok Hwan Lee | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Seok Hee Hwang | Director of related company | 2002.12.04 | Common | 40,000 | 0 | 40,000 | 0 | 20,100 |
| Choong Wan Lee | Director of related company | 2002.12.04 | Common | 35,000 | 0 | 35,000 | 0 | 20,100 |
| Ki Sang Chung | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 30,000 | 0 | 20,100 |

| Grantee | Relationship | Grant date | Type of stock | No. of granted options | Exercised | Cancelled | Exercisable | Closing Price |
|-----------------|-----------------------------|------------|---------------|------------------------|-----------|-----------|-------------|---------------|
| | | | | | options | options | options | |
| Ki Joong Kim | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Kwang Suh Koo | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| In Kee Baek | Director of related company | 2002.12.04 | | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Seung Yang Han | Director of related company | 2002.12.04 | | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Keun Soo Yook | Director of related company | 2002.12.04 | | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Ki Jong Chung | Director of related company | 2002.12.04 | Common | 5,000 | 4,750 | 250 | 0 | 20,100 |
| Hun Il Nam | Director of related company | 2002.12.04 | Common | 30,000 | 10,500 | 1,500 | 18,000 | 20,100 |
| Young Soo Kim | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Jin Ho Yoon | Director of related company | 2002.12.04 | Common | 20,000 | 19,000 | 1,000 | 0 | 20,100 |
| Seok Koo Yoon | Director of related company | 2002.12.04 | Common | 15,000 | 5,250 | 750 | 9,000 | 20,100 |
| Ji Yeon Joo | Director of related company | 2002.12.04 | Common | 15,000 | 14,250 | 750 | 0 | 20,100 |
| Ho Hyun Lee | Director of related company | 2002.12.04 | Common | 20,000 | 19,000 | 1,000 | 0 | 20,100 |
| Chan Kook Chung | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 750 | 14,250 | 20,100 |
| Duk Yoon Kim | Director of related company | 2002.12.04 | Common | 15,000 | 6,250 | 750 | 8,000 | 20,100 |
| Young Wook Kim | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 750 | 14,250 | 20,100 |
| Dae Kyu Ko | Director of related company | 2002.12.04 | Common | 15,000 | 7,250 | 750 | 7,000 | 20,100 |
| Total | | | | 1,560,000 | 662,750 | 420,000 | 477,250 | |

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

4. Exercise Price:

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

40% of granted = 6,800 Won

2. Related Companies

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3. Investments in Other Companies

As of 2006.3.31

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

| T y P e D O M E S T I C Foreign Total | Name | Beginning Balance | | | Changes | | Ending Bal. | | | Latest Net Income * |
|--|--|-------------------|-------|-------------------|----------|-----------------|----------------|-------|-------------------|------------------------|
| | | Quantity | Share | Cost | Quantity | Cost | Quantity | Share | Cost | |
| | Woori Bank | 635,957 | 100.0 | 9,695,213 | | -188,192 | 635,957 | 100.0 | 9,507,021 | 1,425,755 |
| | Kwangju Bank | 44,080 | 99.9 | 561,330 | | -5,649 | 44,080 | 99.9 | 555,681 | 124,684 |
| | Kyongnam Bank | 51,800 | 99.9 | 694,275 | | -19,844 | 51,800 | 99.9 | 674,431 | 132,678 |
| | Woori Finance Info Sys. | 900 | 100.0 | 11,903 | | -4,140 | 900 | 100.0 | 7,763 | 3,473 |
| | Woori F&I | 2,000 | 100.0 | 114,017 | | -14,167 | 2,000 | 100.0 | 99,850 | 59,002 |
| | Woori 3 rd SPC | 2 | 100.0 | | | | 2 | 100.0 | | 16,887 |
| | Woori Investment & Securities (formerly LGIS) | 46,324 | 30.00 | 604,543 | | 15,876 | 46,324 | 30.60 | 620,419 | 42,088 |
| | Woori Asset Management (formerly LGITM) | 6,662 | 100.0 | 60,600 | | 3,489 | 6,662 | 100.0 | 64,089 | 5,079 |
| | Woori Private Equity | 2,000 | 100.0 | 9,797 | | -355 | 2,000 | 100.0 | 9,442 | -203 |
| | Total | 789,725 | | 11,751,678 | | -212,982 | 789,725 | | 11,538,696 | 1,809,443 |

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 2005.
3. Due to Woori Investment & Securities profit retirement on January 24, 2006, Woori Finance Holdings percentage ownership increased without change in number of shares held.

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

As of 2006.3.31

(units:shares, %)

| Name | Relation | Type | Shares Held | | | | Reasons Behind Change |
|------|-----------|-----------|-------------------|-------|----------------|-------|-----------------------|
| | | | Beginning balance | | Ending balance | | |
| | | | 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%

As of 2005.12.31

(units:shares, %)

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

c. Shareholder Distribution

As of 2005.12.31

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

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(Individual)

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

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

(units: Won, shares)

| Period | | October | November | December | January | February | March |
|----------------------|------|------------|------------|------------|------------|------------|------------|
| | High | 17,250 | 19,450 | 20,650 | 20,250 | 19,400 | 19,300 |
| | Low | 14,900 | 16,900 | 18,450 | 17,050 | 17,600 | 18,100 |
| Monthly Trade Volume | | 79,031,958 | 69,802,426 | 53,056,336 | 61,197,334 | 43,258,838 | 40,768,126 |

b. Foreign Stock Market (NYSE)

(units: US Dollars, shares)

| Period | | October | November | December | January | February | March |
|----------------------|------|---------|----------|----------|---------|----------|---------|
| ADR | High | 50.25 | 55.90 | 61.47 | 63.55 | 60.39 | 59.55 |
| | Low | 43.00 | 49.10 | 52.75 | 52.79 | 54.22 | 55.30 |
| Monthly Trade Volume | | 78,500 | 141,800 | 175,600 | 469,300 | 217,000 | 163,500 |

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

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 registered directors on March 28, 2006.

* Vice chairman Jong-Wook Kim and Director Oh-Seok Hyun resigned.

2. Employee Status

(units: years, thousands of Won)

| Items | Staff | | | | Average | | Note |
|--------|--------|-------|-------|-------|---------|---------------------------------|--------|
| | Admin. | Manu. | Misc. | Total | Tenure | | |
| | | | | | Years | Average Compensation Per Person | |
| Male | 43 | | 1 | 44 | 6 | 788,280 | 17,915 |
| Female | 5 | | 12 | 17 | 6 | 121,468 | 7,145 |
| Total | 48 | | 13 | 61 | 6 | 909,748 | 14,914 |

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

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| | Items | Number | Responsibilities | Remarks |
|--------|-------|--------|---|---------|
| Lawyer | | 1 | Legal advisory | |
| CPA | | 4 | Financial accounting, Financial Planning, Business Planning | |

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 | | | 80,000 | |
| Total | | | 110,000 | | | 110,000 | |

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

b. Payment Transactions

(units: millions of Won)

| 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 (formerly known as LG Investment & Securities) | Subsidiary | Common Stock | 46,324,981 | | | 46,324,981 | |
| Woori Asset Management (formerly known as LG Investment Trust Management) | Subsidiary | Common Stock | 6,662,000 | | | 6,662,000 | |
| Woori Private Equity | Subsidiary | Common Stock | 2,000,000 | | | 2,000,000 | |
| | Total | | 789,725,561 | | | 789,725,561 | |

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: May 12, 2006

By: /s/ Youngsun Kim
(Signature)

Name: Youngsun Kim
Title: Director

EXHIBIT A

FINANCIAL STATEMENTS

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WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Audit.Tax.Consulting.Financial Advisory.

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 March 31, 2006 and the related non-consolidated statements of income and cash flows for the three months ended March 31, 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 cause 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.

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.

May 4, 2006

Notice to Readers

This report is effective as of May 4, 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.

WOORI FINANCE HOLDINGS CO., LTD.**NON-CONSOLIDATED BALANCE SHEETS****AS OF MARCH 31, 2006 AND DECEMBER 31, 2005**

| | 2006 | Korean won (In millions) | 2005 | Translation into U.S. dollars (Note 2) | | |
|--|-------|-----------------------------|-------|--|-----------------|-----------------|
| | | | | 2006 | 2005 | |
| | | | | (In thousands) | (In thousands) | |
| ASSETS | | | | | | |
| Cash and bank deposits (Notes 13, 15 and 17) | (Won) | 800,209 | (Won) | 104,072 | US\$ 819,970 | US\$ 106,642 |
| Investment securities accounted for using the equity method of accounting (Notes 3 and 15) | | 11,538,696 | | 11,751,678 | 11,823,646 | 12,041,888 |
| Loans, net of allowance for possible loan losses (Notes 4, 15 and 17) | | 109,450 | | 109,450 | 112,153 | 112,153 |
| Fixed and intangible assets (Note 5) | | 121 | | 155 | 124 | 159 |
| Other assets (Notes 6 and 17) | | 67,925 | | 66,428 | 69,602 | 68,068 |
| | (Won) | 12,516,401 | (Won) | 12,031,783 | US\$ 12,825,495 | US\$ 12,328,910 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Debentures, net of discounts (Notes 7 and 15) | (Won) | 2,296,558 | (Won) | 2,296,203 | US\$ 2,353,272 | US\$ 2,352,908 |
| Other liabilities (Notes 8, 9 and 17) | | 336,081 | | 18,216 | 344,380 | 18,666 |
| | | 2,632,639 | | 2,314,419 | 2,697,652 | 2,371,574 |
| SHAREHOLDERS' EQUITY | | | | | | |
| Common stock (Note 10) | | 4,030,077 | | 4,030,077 | 4,129,600 | 4,129,600 |
| Capital surplus (Note 10) | | 84,488 | | 84,488 | 86,574 | 86,574 |
| Retained earnings (Notes 3 and 10): | | | | | | |
| Legal reserve | | 377,249 | | 208,427 | 386,565 | 213,574 |
| Voluntary reserve | | 3,190,000 | | 2,030,000 | 3,268,778 | 2,080,131 |
| Retained earnings before appropriations (Net income of (Won)440,107 million for the three months ended March 31, 2006 and (Won)1,688,221 million for the year ended December 31, 2005) | | 441,203 | | 1,653,536 | 452,099 | 1,694,371 |
| | | 4,008,452 | | 3,891,963 | 4,107,442 | 3,988,076 |
| Capital adjustments (Notes 3 and 10) | | 1,760,745 | | 1,710,836 | 1,804,227 | 1,753,086 |
| | | 9,883,762 | | 9,717,364 | 10,127,843 | 9,957,336 |
| | (Won) | 12,516,401 | (Won) | 12,031,783 | US\$ 12,825,495 | US\$ 12,328,910 |

See accompanying notes to non-consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

| | Korean won | | Translation into | |
|--|--|----------------------|---|---------------------|
| | 2006 | 2005 | U.S. dollars (Note 2) 2006 | 2005 |
| | (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) 472,642 | (Won) 419,093 | US\$ 484,314 | US\$ 429,442 |
| Interest income (Note 17) | 2,664 | 3,866 | 2,730 | 3,961 |
| Reversal of allowance for doubtful accounts | | 22 | | 23 |
| | 475,306 | 422,981 | 487,044 | 433,426 |
| OPERATING EXPENSES | | | | |
| Loss on valuation using the equity method of accounting (Notes 3 and 16) | 388 | 26,654 | 397 | 27,312 |
| Interest expense | 28,057 | 28,434 | 28,750 | 29,136 |
| Loss on valuation of swap contracts | | 91 | | 93 |
| Fees and commissions (Note 17) | 1,457 | 1,056 | 1,493 | 1,082 |
| General and administrative (Notes 14 and 17) | 5,334 | 4,809 | 5,466 | 4,928 |
| | 35,236 | 61,044 | 36,106 | 62,551 |
| OPERATING INCOME | 440,070 | 361,937 | 450,938 | 370,875 |
| NON-OPERATING INCOME | 42 | 95 | 43 | 97 |
| NON-OPERATING EXPENSES | 5 | 8 | 5 | 8 |
| INCOME BEFORE INCOME TAX | 440,107 | 362,024 | 450,976 | 370,964 |
| INCOME TAX EXPENSE (Note 12) | | | | |
| NET INCOME | (Won) 440,107 | (Won) 362,024 | US\$ 450,976 | US\$ 370,964 |
| BASIC ORDINARY INCOME PER COMMON SHARE (Note 18) | (Won) 546 | (Won) 453 | US\$ 559 | US\$ 464 |
| BASIC NET INCOME PER COMMON SHARE (Note 18) | (Won) 546 | (Won) 453 | US\$ 559 | US\$ 464 |
| DILUTED ORDINARY INCOME PER COMMON SHARE (Note 18) | (Won) | (Won) 449 | US\$ | US\$ 460 |
| DILUTED NET INCOME PER COMMON SHARE (Note 18) | (Won) | (Won) 449 | US\$ | US\$ 460 |

See accompanying notes to non-consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

| | Korean won | | Translation into | |
|---|---------------|---------------|-----------------------|--------------|
| | 2006 | 2005 | U.S. dollars (Note 2) | 2005 |
| | (In millions) | | (In thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income | (Won) 440,107 | (Won) 362,024 | US\$ 450,976 | US\$ 370,964 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Loss on valuation using the equity method of accounting | 388 | 26,654 | 397 | 27,312 |
| Interest expense (amortization of discounts on debentures) | 355 | 680 | 364 | 697 |
| Loss on swap contracts | | 91 | | 93 |
| Provision for severance benefits | 269 | 265 | 276 | 272 |
| Depreciation | 36 | 47 | 37 | 48 |
| Amortization | 5 | 5 | 5 | 5 |
| Gain on valuation using the equity method of accounting | (472,642) | (419,093) | (484,314) | (429,442) |
| Accrued interest on loans | | (556) | | (569) |
| Reversal of allowance for doubtful accounts | | (22) | | (23) |
| | (471,589) | (391,929) | (483,235) | (401,607) |
| Changes in operating assets and liabilities: | | | | |
| Decrease in other receivable | | 405 | | 415 |
| Decrease (increase) in accrued income | 532 | (21) | 545 | (22) |
| Decrease (increase) in advanced payments | (21) | 65 | (22) | 67 |
| Decrease (increase) in prepaid expenses | (425) | 17 | (435) | 17 |
| Increase in prepaid income tax | | (51) | | (52) |
| Payment of severance benefits | (231) | (13) | (237) | (13) |
| Decrease in severance insurance | 144 | 13 | 148 | 13 |
| Increase in other payables | 132 | 191 | 135 | 196 |
| Decrease in accrued expenses | (1,822) | (1,640) | (1,867) | (1,681) |
| Decrease in withholdings | (150) | (159) | (154) | (163) |
| Collection of dividends | 729,467 | 60,435 | 747,481 | 61,928 |
| | 727,626 | 59,242 | 745,594 | 60,705 |
| Net cash provided by operating activities | 696,144 | 29,337 | 713,335 | 30,062 |

(Continued)

WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005

| | 2006 | Korean won 2005 (In millions) | Translation into | |
|---|---------------|-------------------------------------|-------------------------------|-------------------------------|
| | | | 2006 | 2005 |
| | | | U.S. dollars (Note 2) 2006 | U.S. dollars (Note 2) 2005 |
| | | | (In thousands) | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Capital reduction of a subsidiary | (Won) | (Won) 154,000 | US\$ | US\$ 157,803 |
| Collection of loans | | 5,000 | | 5,124 |
| Acquisition of furniture and equipment | | (3) | | (3) |
| Acquisition of leasehold improvement | | (4) | | (4) |
| Net cash provided by (used in) investing activities | | (7) | (7) | 162,927 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Cost on issuance of new shares | | (709) | | (727) |
| Net cash used in financing activities | | (709) | | (727) |
| NET INCREASE IN CASH AND BANK DEPOSITS | | 696,137 | 713,328 | 192,262 |
| CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD | | 104,072 | 106,642 | 57,484 |
| CASH AND BANK DEPOSITS, END OF THE PERIOD | (Won) 800,209 | (Won) 243,727 | US\$ 819,970 | US\$ 249,746 |

See accompanying notes to non-consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 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 11 2nd-tier subsidiaries as of March 31, 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 March 31, 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 March 31, 2006 and December 31, 2005 is as follows:

| Parent companies | Subsidiaries | 2006 | | 2005 | | Financial statements as of |
|---------------------------------------|--|------------------------------------|-----------------------------|------------------|-----------------------------|----------------------------|
| | | Number of shares | Percentage of ownership (%) | Number of shares | Percentage of ownership (%) | |
| Woori Finance Holdings Co., Ltd. | Woori Bank | 635,956,580 | 100.0 | 635,956,580 | 100.0 | Mar. 31 |
| | Kyongnam Bank | 51,800,000 | 99.9 | 51,800,000 | 99.9 | Mar. 31 |
| | Kwangju Bank | 44,080,000 | 99.9 | 44,080,000 | 99.9 | Mar. 31 |
| | Woori Finance Information System Co., Ltd. | 900,000 | 100.0 | 900,000 | 100.0 | Mar. 31 |
| | Woori F&I Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Mar. 31 |
| | Woori Third Asset Securitization Specialty Co., Ltd. | 2,000 | 100.0 | 2,000 | 100.0 | Mar. 31 |
| | Woori Investment Securities Co., Ltd. (*1) | 46,324,981 | 35.0 | 46,324,981 | 34.4 | Mar. 31 |
| | Woori Asset Management Co., Ltd. | 6,662,000 | 100.0 | 6,662,000 | 100.0 | Mar. 31 |
| | Woori Private Equity Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Mar. 31 |
| | Woori Bank | Woori Credit Information Co., Ltd. | 1,008,000 | 100.0 | 1,008,000 | 100.0 |
| Woori America Bank | | 10,500,000 | 100.0 | 10,500,000 | 100.0 | Mar. 31 (*2) |
| Woori F&I Co., Ltd. | PT. Bank Woori Indonesia | 1,618 | 95.2 | 1,618 | 95.2 | Mar. 31 (*2) |
| | Woori SB Asset Management Co., Ltd. (*3) | 408,000 | 51.0 | 800,000 | 100.0 | Mar. 31 |
| Woori Investment Securities Co., Ltd. | Woori Futures Co., Ltd. | 5,000,000 | 100.0 | 5,000,000 | 100.0 | Mar. 31 |

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| | | | | | |
|--|------------|-------|------------|-------|--------------|
| Woori Investment Securities Int 1 Ltd. | 5,788,000 | 100.0 | 5,788,000 | 100.0 | Mar. 31 (*2) |
| Woori Investment Securities (H.K.) Ltd. | 22,500,000 | 100.0 | 22,500,000 | 100.0 | Mar. 31 (*2) |

| | | 2006 | | 2005 | | Financial statements as of |
|---------------------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Parent companies | Subsidiaries | | | | | |
| | Woori Investment Securities America, Inc. | 300 | 100.0 | 300 | 100.0 | Mar. 31 (*2) |
| Woori Investment Securities Co., Ltd. | LG Investment Holding B.V. (Amsterdam) GG High Technology Venture Investment | 1,642,398,242 | 100.0 | 1,642,398,242 | 100.0 | Mar. 31 (*2) |
| | Global Technology Investment | 1,500,000 | 50.0 | 1,500,000 | 50.0 | Mar. 31 (*2) |

(*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) The financial statements as of March 31, 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 Investees financial statements applied using the equity method of accounting .

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

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

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)975.90 to US\$ 1.00 at March 31, 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 replaces the existing Korea Financial Accounting Standards (KFAS) and has issued SKASs No.1 to No.20. The Company had adopted SKASs No.1 to No.17 (except for No.11) before the beginning of the 2006 and SKASs No.18 to No.20 on or after January 1, 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 ended March 31, 2006 and for the year ended December 31, 2005.

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 three months ended March 31, 2006 are as follows (Korean won in millions):

| | January 1, 2006 | Gain (loss) on valuation using the equity method | Capital adjust- ments | Retained earnings | Dividends | March 31, 2006 |
|---|--------------------|---|-----------------------------|----------------------|-----------------|-------------------|
| Woori Bank | (Won) 9,695,213 | (Won) 356,501 | (Won) 49,231 | (Won) (1,213) | (Won) (592,711) | (Won) 9,507,021 |
| Kyongnam Bank | 694,275 | 43,236 | 3,224 | | (66,304) | 674,431 |
| Kwangju Bank | 561,330 | 32,812 | 2,490 | | (40,951) | 555,681 |
| Woori Finance | | | | | | |
| Information System | 11,903 | 360 | | | (4,500) | 7,763 |
| Woori F&I | 114,017 | 15,837 | (503) | | (29,501) | 99,850 |
| Woori Third Asset Securitization Specialty | | (35) | | | (*1) 35 | |
| Woori Investment Securities (*2) | 604,543 | 20,441 | (4,565) | | | 620,419 |
| Woori Asset Management | 60,600 | 3,455 | 34 | | | 64,089 |
| Woori PE | 9,797 | (353) | (2) | | | 9,442 |
| | (Won) 11,751,678 | (Won) 472,254 | (Won) 49,909 | (Won) (1,213) | (Won) (733,932) | (Won) 11,538,696 |

(*1) Adjustment on dividend receivables

(*2) The market value of Woori Investment Securities is (Won)991,355 million ((Won)25,400 per share) as of March 31, 2006.

(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 |

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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 |
| 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 Asset Management (*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.

- (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 Asset Management (*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 changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date for the three months ended March 31, 2006 are as follows (Unit: Korean won in millions):

| | Jan. 1, 2006 | Amortization | Mar. 31, 2006 |
|-----------------------------|---------------------|---------------------|----------------------|
| Woori F&I | (Won) 75 | (Won) 1 | (Won) 74 |
| Woori Investment Securities | (2,735) | (32) | (2,703) |
| | (Won) (2,660) | (Won) (31) | (Won) (2,629) |

- (5) The details of unrealized inter-company income or loss for the three months ended March 31, 2006 are as follows (Korean won in millions):

| | Jan. 1, 2006 | Realized | Incurred | Mar. 31, 2006 |
|--|---------------------|-----------------|-----------------|----------------------|
| Woori Bank | (Won) 7,020 | (Won) 1,472 | (Won) | (Won) 8,492 |
| Kyongnam Bank | (40) | 21 | | (19) |
| Kwangju Bank | (5,456) | 502 | | (4,954) |
| Woori Finance Information System | 327 | 227 | | 554 |
| Woori F&I | (234) | | | (234) |
| Woori Third Asset Securitization Specialty | (139) | | | (139) |
| | (Won) 1,478 | (Won) 2,222 | (Won) | (Won) 3,700 |

4. LOANS

(1) Loans as of March 31, 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 | 57,000 | 57,000 |
| | Jul. 7, 2003 | Jul. 7, 2007 | 7.3 | 23,000 | 23,000 |
| | | | | 80,000 | 80,000 |
| Total | | | | 110,000 | 110,000 |
| Allowance for possible loan losses | | | | (550) | (550) |
| | | | | (Won) 109,450 | (Won) 109,450 |

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

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

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

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

5. FIXED ASSETS AND INTANGIBLE ASSETS

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

| | Jan. 1, 2006 | Acquisition | Disposition | Depreciation | Mar. 31, 2006 |
|-------------------------|--------------|-------------|-------------|--------------|---------------|
| Furniture and equipment | (Won) 75 | (Won) 3 | (Won) | (Won) 27 | (Won) 51 |
| Leasehold improvements | 45 | 4 | | 9 | 40 |
| | (Won) 120 | (Won) 7 | (Won) | (Won) 36 | (Won) 91 |

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| | 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 |

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

| | Jan. 1, 2006 | Acquisition | Amortization | Mar. 31, 2006 |
|----------------------------|--------------|-------------|--------------|---------------|
| Software | (Won) 7 | (Won) | (Won) 1 | (Won) 6 |
| Industrial property rights | 28 | | 4 | 24 |
| | (Won) 35 | (Won) | (Won) 5 | (Won) 30 |

| | 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 March 31, 2006, accumulated amortization of software and industrial property rights amount to (Won)28 million and (Won)44 million, respectively.

6. OTHER ASSETS

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

| | 2006 | 2005 |
|-------------------------------------|--------------|--------------|
| Guarantee deposits (Note 17) | (Won) 4,204 | (Won) 4,204 |
| Other receivables (Notes 11 and 17) | 3,208 | 6,090 |
| Dividend receivables | 58,226 | 53,761 |
| Accrued income (Note 17) | 397 | 929 |
| Advanced payments | 21 | |
| Prepaid expenses | 623 | 198 |
| Prepaid income tax | 1,246 | 1,246 |
| | (Won) 67,925 | (Won) 66,428 |

7. DEBENTURES

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

| | Issuance date | Annual interest rate (%) | Maturity | 2006 | 2005 |
|----------------|---------------|--------------------------|---------------|---------------|---------------|
| 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 | 300,000 |
| The 10th bonds | Dec. 16, 2003 | 5.92 | Dec. 16, 2008 | 300,000 | 300,000 |
| The 11th bonds | Jun. 18, 2004 | 5.05 | Jun. 18, 2009 | 370,000 | 370,000 |
| The 12th bonds | Jul. 26, 2004 | 4.84 | Jul. 26, 2009 | 230,000 | 230,000 |
| The 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 | 150,000 |

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| | | |
|-----------------|-----------------|-----------------|
| | 2,300,000 | 2,300,000 |
| Less: discounts | (3,442) | (3,797) |
| | (Won) 2,296,558 | (Won) 2,296,203 |

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8. 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)2,018 million and (Won)1,980 million as of March 31, 2006 and December 31, 2005, respectively.

The details of changes in the accrued severance benefits for the three months ended March 31, 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 | 269 | 967 |
| Payment for severance benefits | (231) | (217) |
| Ending balance | (Won) 2,018 | (Won) 1,980 |

The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of March 31, 2006 and December 31, 2005, the deposits, amounting to (Won)1,643 million and (Won)1,788 million, respectively, are presented as a deduction from accrued severance benefits.

9. OTHER LIABILITIES

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

| | 2006 | 2005 |
|--|---------------|--------------|
| Accrued severance benefits (Note 8) | (Won) 2,018 | (Won) 1,980 |
| Deposits with employee retirement insurance trust (Note 8) | (1,643) | (1,788) |
| Other payables (Note 17) | 915 | 784 |
| Accrued expenses (Notes 11) | 12,102 | 16,806 |
| Dividend payable | 322,405 | |
| Withholdings | 284 | 434 |
| | (Won) 336,081 | (Won) 18,216 |

10. SHAREHOLDERS EQUITY

(1) The authorized shares and issued shares of common stock as of March 31, 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 |

- (2) The changes in the capital stock of the Company for the period from its incorporation to March 31, 2006 are as follows (Korean won in millions):

| Date | Description | Number of shares issued | Capital stock | Paid-in capital 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 Asset Management | | | (24,537) |
| 2005. 12.31 | | 806,015,340 | 4,030,077 | 84,488 |
| 2006. 03.31 | | 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) As of March 31, 2006 and December 31, 2005, the Company held 2,550 shares of treasury stock amounting to (Won)18 million.

- (5) The changes in retained earnings from December 31, 2005 to March 31, 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 of accounting | (1,213) |
| Net income for the three months ended March 31, 2006 | 440,107 |
| Balance - March 31, 2006 | (Won) 441,203 |

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)3,992 million and (Won)7,938 million of the stock-based payment as liabilities as of March 31, 2006 and December 31, 2005, respectively.

- (2) The summary of stock-based compensation granted as of March 31, 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 | | 387,000 shares | | 275,750 shares |
| Exercisable number of rights | | 333,000 shares | | 144,250 shares |
| Value per right | (Won) | 6,816 | (Won) | 11,937 |
| Stock-based compensation liabilities | (Won) | 2,270 million | (Won) | 1,722 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)3,208 million and the Company recorded the same amount as other receivables.

12. INCOME TAX EXPENSE

- (1) Differences between financial accounting income and taxable loss for the three months ended March 31, 2006 are as follows (Korean won in millions):

| | Korean won | |
|--|------------|-----------|
| | | (Won) |
| Net income | | 440,107 |
| Non-temporary differences: | | |
| Addition: | | |
| Investment securities | 49,909 | |
| Deemed interest income | 17 | |
| Entertainment expense in excess of tax limit | 126 | |
| Donation expense in excess of tax limit | 5 | |
| | 50,057 | |
| Deduction: | | |
| Dividend income | 709,293 | |
| Investment securities | 1,213 | |
| | 710,506 | (660,449) |
| Temporary differences: | | |
| Addition: | | |
| Investment securities | 213,017 | |
| Long-term other receivables-prior year | 6,090 | |
| Unsettled expense | 2,166 | |
| Other | 4,148 | |
| | 225,421 | |
| Deduction: | | |
| Long-term other receivables-current year | 3,208 | |
| Other | 10,828 | |
| | 14,036 | 211,385 |

Taxable loss

(Won) (8,957)

- (2) The changes in cumulative temporary differences and tax loss carry-forwards for the three months ended March 31, 2006 are as follows (Korean won in millions):

| | Jan. 1, 2006 | Increase | Decrease | Mar. 31, 2006 | Deferred tax assets (liabilities) |
|--|-------------------|-----------------|-----------------|-------------------|---|
| (Timing differences to be charged to income tax expense) | | | | | |
| Investment securities | (Won) (3,200,579) | (Won) (471,041) | (Won) (733,967) | (Won) (2,937,653) | (Won) (*1)(39,660) |
| Accrued severance benefits | 1,188 | | 121 | 1,067 | 293 |
| Employee retirement deposits | (1,188) | | (121) | (1,067) | (293) |
| Depreciation | 41 | | | 41 | 11 |
| Accrued expenses | 2,770 | 2,166 | 2,770 | 2,166 | 596 |
| Accounts receivable | (6,090) | (3,208) | (6,090) | (3,208) | (882) |
| Dividend receivables | 108 | 35 | | 143 | 39 |
| Long-term accrued expenses | 7,937 | 3,992 | 7,937 | 3,992 | 1,098 |
| | (Won) (3,195,813) | (Won) (468,056) | (Won) (729,350) | (Won) (2,934,519) | (Won) (38,798) |
| (Timing differences to be charged to equity) | | | | | |
| Capital adjustments | (Won) (1,710,854) | (Won) (49,909) | (Won) | (Won) (1,760,763) | (Won) (*1)(37,674) |
| Timing difference total | (Won) (4,906,667) | (Won) (517,965) | (Won) (729,350) | (Won) (4,695,282) | (Won) (76,472) |
| Tax loss carry-forwards | (Won) 222,067 | (Won) 8,957 | (Won) | (Won) 231,024 | (Won) 63,531 |

- (*1) 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 | 8,957 | | 8,957 | Dec. 31, 2011 |
| | (Won) 231,024 | (Won) | (Won) 231,024 | |

- (*1) Adjusted based on the reported tax returns.

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

13. STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2006 and 2005, the significant transactions without cash flows are as follows (Korean won in millions):

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| Transactions | 2006 | 2005 |
|---|--------------|---------------|
| Changes in capital adjustments due to the equity method of accounting | (Won) 49,909 | (Won) 234,975 |
| Changes in retained earnings due to the equity method of accounting | (1,203) | (1,665) |
| Capital increase due to conversion of convertible bonds in foreign currencies | | 72,468 |
| Increase in dividend receivables | 34 | 587 |

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14. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended March 31, 2006 and 2005 are summarized as follows (Korean won in millions):

| | 2006 | 2005 |
|----------------------------------|-------------|-------------|
| Salaries, wages and bonuses | (Won) 2,567 | (Won) 2,565 |
| Provision for severance benefits | 270 | 265 |
| Fringe benefits | 192 | 186 |
| Rent | 571 | 573 |
| Entertainment | 165 | 53 |
| Depreciation | 36 | 47 |
| Amortization | 5 | 5 |
| Taxes and dues | 23 | 25 |
| Advertising | 635 | 126 |
| Travel | 45 | 34 |
| Telecommunications | 19 | 12 |
| Service fees | 536 | 609 |
| Suppliers | 18 | 14 |
| Others | 252 | 295 |
| | (Won) 5,334 | (Won) 4,809 |

15. FINANCIAL INFORMATION OF SUBSIDIARIES

(1) The condensed balance sheets of subsidiaries as of March 31, 2006 are as follows (Korean won in millions):

| | Total assets | Total liabilities | Total shareholders equity |
|--|-------------------|-------------------|------------------------------|
| Woori Bank | (Won) 139,579,436 | (Won) 130,077,415 | (Won) 9,502,021 |
| Kyongnam Bank | 13,973,149 | 13,298,700 | 674,449 |
| Kwangju Bank | 12,256,972 | 11,696,336 | 560,636 |
| Woori Finance Information System | 194,663 | 187,454 | 7,209 |
| Woori F&I | 278,562 | 175,637 | 102,925 |
| Woori Third Asset Securitization Specialty | 53,886 | 53,890 | (4) |
| Woori Investment Securities | 9,041,281 | 7,015,937 | 2,025,344 |
| Woori Asset Management | 69,014 | 4,677 | 64,337 |
| Woori Private Equity | 9,486 | 43 | 9,443 |
| Total | (Won) 175,456,449 | (Won) 162,510,089 | (Won) 12,946,360 |

- (2) The condensed statements of operations of subsidiaries for the three months ended March 31, 2006 are as follows (Korean won in millions):

| | Operating revenue | Operating expenses | Operating income (loss) | Ordinary income (loss) | Net income (loss) |
|--|------------------------------|-------------------------------|------------------------------------|-----------------------------------|------------------------------|
| Woori Bank | (Won) 3,767,541 | (Won) 3,312,185 | (Won) 455,356 | (Won) 437,921 | (Won) 355,029 |
| Kyongnam Bank | 226,703 | 169,467 | 57,236 | 59,594 | 43,215 |
| Kwangju Bank | 177,233 | 139,600 | 37,633 | 38,730 | 28,976 |
| Woori Finance Information System | 55,858 | 55,595 | 263 | 337 | 134 |
| Woori F&I | 6,371 | 3,945 | 2,426 | 21,820 | 15,837 |
| Woori Third Asset Securitization Specialty | 3 | 38 | (35) | (35) | (35) |
| Woori Investments Securities | 624,528 | 537,191 | 87,337 | 96,043 | 60,080 |
| Woori Asset Management | 8,087 | 3,002 | 5,085 | 5,095 | 3,455 |
| Woori Private Equity | 77 | 452 | (375) | (353) | (353) |
| | (Won) 4,866,401 | (Won) 4,221,475 | (Won) 644,926 | (Won) 659,152 | (Won) 506,338 |

- (3) Significant liabilities and assets of the Company and its subsidiaries as of March 31, 2006 are summarized as follows (Korean won in millions):

1) Significant liabilities

| | Deposits | Borrowings | Debentures | Total |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Woori Finance Holdings | (Won) 2,296,558 | (Won) 2,296,558 | (Won) 2,296,558 | (Won) 2,296,558 |
| Woori Bank | 86,056,124 | 13,885,512 | 15,472,985 | 115,414,621 |
| Kyongnam Bank | 9,958,805 | 1,888,708 | 902,115 | 12,749,628 |
| Kwangju Bank | 8,801,313 | 1,789,263 | 577,264 | 11,167,840 |
| Woori Finance Information System | | 136,000 | | 136,000 |
| Woori F&I | | 153,000 | | 153,000 |
| Woori Investment Securities | 2,985,435 | 1,734,693 | 189,990 | 4,910,118 |
| Total | (Won) 107,801,677 | (Won) 19,587,176 | (Won) 19,438,912 | (Won) 146,827,765 |

2) Significant assets

| Cash and due | | | | |
|--|-------------------|-------------------|---------------|------------------|
| | from banks | Securities | Loans | Total |
| Woori Finance Holdings | (Won) 800,209 | (Won) 11,538,696 | (Won) 109,450 | (Won) 12,448,355 |
| Woori Bank | 5,824,884 | 26,324,451 | 97,052,761 | 129,202,096 |
| Kyongnam Bank | 735,550 | 3,943,534 | 8,718,977 | 13,398,061 |
| Kwangju Bank | 617,033 | 3,600,157 | 7,568,343 | 11,785,533 |
| Woori Finance Information System | 1,886 | 513 | | 2,399 |
| Woori F&I | 28,946 | 102,009 | 133,673 | 264,628 |
| Woori Third Asset Securitization Specialty | 585 | 53,301 | | 53,886 |

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| | | | | |
|-----------------------------|-----------------|------------------|-------------------|-------------------|
| Woori Investment Securities | 1,654,669 | 5,131,031 | 1,349,481 | 8,135,181 |
| Woori Asset Management | 34,659 | 19,840 | 324 | 54,823 |
| Woori Private Equity | 8,798 | 8 | | 8,806 |
| | (Won) 9,707,219 | (Won) 50,713,540 | (Won) 114,933,009 | (Won) 175,353,768 |

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- (4) Loans subject to allowance for possible loan losses, allowance for possible loan losses and percentage of allowance to loans of each subsidiary as of March 31, 2006 are summarized as follows (Korean won in millions):

| | Loans subject to allowance for possible loan losses | | Allowance | Percentage of allowance to loans (%) |
|-----------------------------|---|--|------------------------|--------------------------------------|
| | (Won) | | (Won) | |
| Woori Bank | 98,441,325 | | 1,388,564 | 1.41 |
| Kyongnam Bank | 8,831,512 | | 112,535 | 1.27 |
| Kwangju Bank | 7,666,532 | | 98,189 | 1.28 |
| Woori F&I | 134,345 | | 672 | 0.50 |
| Woori Investment Securities | 1,501,801 | | 152,320 | 10.14 |
| Woori Asset management | 326 | | 2 | 0.61 |
| Total | (Won) 116,575,841 | | (Won) 1,752,282 | 1.50 |

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 three months ended March 31, 2006 are as follows (Korean won in millions):

| | 2006 | Ratio (%) |
|---|----------------------|-----------|
| | (Won) | |
| Woori Bank | 356,501 | 75.5 |
| Kyongnam Bank | 43,236 | 9.2 |
| Kwangju Bank | 32,812 | 6.9 |
| Woori Finance Information System | 360 | 0.1 |
| Woori F&I | 15,837 | 3.4 |
| Woori Third Asset Securitization Specialty | (35) | |
| Woori Investment Securities | 20,441 | 4.3 |
| Woori Asset Management | 3,455 | 0.7 |
| Woori Private Equity | (353) | (0.1) |
| Gain on valuation using the equity method of accounting | 472,254 | 100.0 |
| Other income | 2,706 | |
| Other expenses | (34,853) | |
| Net income | (Won) 440,107 | |

17. TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES

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

| | 2006 | 2005 | |
|---|---------------|---------------|---|
| <Assets> | | | |
| Woori Bank | (Won) 672,172 | (Won) 83,439 | Cash and bank deposits |
| | 4,153 | 4,153 | Guarantee deposits |
| | 2,477 | 4,305 | Other receivables |
| | 69 | 102 | Accrued income |
| Kyongnam Bank | 76,696 | 10,321 | Cash and bank deposits |
| | 10 | 10 | Accrued income |
| Kwangju Bank | 51,341 | 10,311 | Cash and bank deposits |
| | 13 | 6 | Accrued income |
| Woori Finance Information System | 30,000 | 30,000 | Loans |
| | 165 | 363 | Other receivables |
| | 306 | 316 | Accrued income |
| Woori F&I | 80,000 | 80,000 | Loans |
| | | 496 | Accrued income |
| Woori Credit Information | 381 | 721 | Other receivables |
| Woori SB Asset Management | 184 | 385 | Other receivables |
| Woori Asset Management | | 315 | Other receivables |
| Principal guaranteed trust accounts of Woori Bank | 1,643 | 1,788 | Deposits with employee retirement trust |
| | (Won) 919,610 | (Won) 227,031 | |
| <Liabilities> | | | |
| Woori Bank | (Won) 98 | (Won) 135 | Other payables |
| Woori Finance Information System | 156 | | Other payables |
| | (Won) 254 | (Won) 135 | |

(2) Transactions with the subsidiaries for the three-month periods ended March 31, 2006 and 2005 are as follows:

| | 2006 | 2005 | Account |
|---|-------------|-------------|-----------------------------|
| <Revenues> | | | |
| Woori Bank | (Won) 600 | (Won) 247 | Interest income on deposits |
| Kyongnam Bank | 71 | 64 | Interest income on deposits |
| Kwangju Bank | 86 | 73 | Interest income on deposits |
| | | 555 | Interest income on loans |
| Woori Finance Information System | 466 | 416 | Interest income on loans |
| Woori F&I | 1,440 | 2,162 | Interest income on loans |
| Woori Second Asset Securitization Specialty | | 2 | Interest income on loans |
| Woori Third Asset Securitization Specialty | | 346 | Interest income on loans |
| Principal guaranteed trust accounts of Woori Bank | 1 | | Interest income on deposits |
| | (Won) 2,664 | (Won) 3,865 | |
| <Expenses> | | | |
| Woori Bank | (Won) | (Won) 2,185 | |

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| | | | |
|----------------------------------|-------------|-------------|-------------------------------------|
| | | | Loss on valuation of swap contracts |
| | 390 | 390 | Rent |
| | 175 | 175 | Other administrative expenses |
| Woori Finance Information System | 438 | 489 | Service fees |
| | (Won) 1,003 | (Won) 3,239 | |

- (1) The Company compensated key management personnel for (Won)748 million of salaries and (Won)222 million of provision for severance benefits for the three months ended March 31, 2006.

18. EARNINGS PER COMMON SHARE

- (2) Basic ordinary income per common share and basic net income per common share for the three months ended March 31, 2006 and 2005 are as follows (Korean won in millions, except for earnings per share data):

| | 2006 | 2005 |
|--|---------------|---------------|
| Net income on common shares | (Won) 440,107 | (Won) 362,024 |
| Extraordinary gain | | |
| Income tax effect on extraordinary gain | | |
| Ordinary income on common shares | (Won) 440,107 | (Won) 362,024 |
| Weighted average number of common shares outstanding | 806,012,790 | 799,398,211 |
| Basic ordinary income per common shares | (Won) 546 | (Won) 453 |
| Basic net income per common shares | (Won) 546 | (Won) 453 |

- (3) Diluted ordinary income per common share and diluted net income per common share for the three months ended March 31, 2005 are as follows (Korean won in millions, except for earnings per share data):

| | 2005 |
|--|---------------|
| Diluted net income on common shares | (Won) 362,399 |
| Extraordinary gain | |
| Income tax effect on extraordinary gain | |
| Diluted ordinary income on common shares | (Won) 362,399 |
| Weighted average number of common and dilutive common shares outstanding | 806,372,764 |
| Diluted ordinary income per common shares | (Won) 449 |
| Diluted net income per common shares | (Won) 449 |

- (4) Basic net income per common share and diluted net income per common share for the year ended December 31, 2005 are (Won)2,099 and (Won)2,095, respectively.

19. INSURANCE

As of March 31, 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.

20. SUBSEQUENT EVENT

On April 11, 2006, the board of directors of the Company resolved to approve a joint venture arrangement between Woori Asset Management Co., Ltd., a wholly-owned subsidiary of the Company, and Credit Suisse Asset Management International Holdings, a wholly-owned subsidiary of Credit Suisse Group. According to the agreement, 30% of the Company's 100% stake in Woori Asset Management Co., Ltd. will be transferred to Credit Suisse Asset Management International Holdings.

21. 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.