

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

August 11, 2006

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Form 6-K

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REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2006

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## Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

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

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

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

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registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes

No

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**Summary of 2006 1H Business Report**

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

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**I. Company Overview**

**1. Purpose of the Company**

**a. Scope of Business**

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

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

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

**b. Scope of Business of Subsidiaries**

(1) Woori Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

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(2) Kwangju Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(3) Kyongnam Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(4) Woori Investment & Securities

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



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

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

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11. Domestic and global economy and capital markets research;
  12. Securities dealing;
  13. Publishing investment related books;
  14. Real estate leasing;
  15. Other activities approved by the Indirect Investment Asset Management Business Act; and
  16. Other businesses and activities related to the items listed above.
- (6) Woori Finance Information System
1. Development, distribution and management of computer systems;
  2. Consulting services in computer installation and usage;
  3. Distribution, brokerage and lease of computer systems;
  4. Maintenance of computer-related equipment;
  5. Publication and distribution of IT-related reports and books;
  6. Educational services related to computer usage;
  7. Research and outsourcing information processing services;
  8. Internet-related businesses;
  9. Information processing, telecommunications and information distribution services;
  10. Manufacturing and distribution of audio-visual media;

11. Information-processing operations and service systems; and
12. All activities directly or indirectly related to the items listed above.

(7) Woori F&I

1. Purchase and disposition of ABSs, issued primarily to securitize distressed assets, pursuant to the Asset Securitization Law;
2. Purchase and disposition of asset management companies that had been initially set up to manage distressed assets pursuant to the Asset securitization Law;
3. Purchase and disposition of troubled assets;
4. Investment activity with respect to indirect investment instruments under the Indirect Investment Asset Management Business Act and other investment activity with respect to other securities, bonds or similar financial assets under the Corporate Restructuring Promotion Act; and

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

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

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

2. Offering and redemption of the securitized assets;

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

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

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

6. Investment of surplus funds; and

7. Other activities related to the items listed above.

(9) Woori Private Equity

1. Private equity business; and

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

3. Other activities related to the items listed above.

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**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

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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 <sup>nd</sup> tier subsidiary to 1 <sup>st</sup> 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

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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 <sup>nd</sup> tier subsidiary, and Japan's Shinsei Bank (involving a transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank)
April 11, 2006	Joint venture agreement to transfer 30% of the shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse.
May 30, 2006	Upon the 30% share transfer to Credit Suisse Asset Management International Holdings, Woori Asset Management was renamed Woori Credit Suisse Asset Management.

**b. Associated Business Group**

(1) Overview of Business Group

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

2. **History**

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



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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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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 <sup>nd</sup> tier subsidiary to 1 <sup>st</sup> 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 <sup>nd</sup> tier subsidiary, and Japan's Shinsei Bank (involving a transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank)
April 11, 2006	Joint venture agreement to transfer 30% of the shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse.
May 30, 2006	Upon the 30% share transfer to Credit Suisse Asset Management International Holdings, Woori Asset Management was renamed Woori Credit Suisse Asset Management.

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(2) Related companies within the business group

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

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

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

\* Former 2<sup>nd</sup> tier subsidiary, Woori First Private Equity Fund, was dissolved on March 31, 2006.

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

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

(units: Won)

Date	Category	Type	Quantity	Stock Decrease/Increase		Note
				Par Value	Issue price	
2001.3.27	Establishment	Common	727,458,609	5,000	5,000	-
2002.5.31	Exercise B/W	Common	165,782	5,000	5,000	-
2002.6.12	Capital increase w/ consideration	Common	36,000,000	5,000	6,800	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 <sup>1)</sup>	Exchange with Woori Sec shares on a 1-to-0.55 basis
2004.11.4	Exercise CB	Common	666,301	5,000	5,380	-
2004.12.2	Exercise CB	Common	7,995,613	5,000	5,380	-
2004.12.21	Exercise CB	Common	3,717,472	5,000	5,380	-
2005.2.17	Exercise CB	Common	3,481,173	5,000	5,588	-
2005.3.11	Exercise CB	Common	5,914,180	5,000	7,313	-
2005.3.11	Exercise CB	Common	164,429	5,000	7,228	-

**b. Anticipated Changes in Capital**

Not applicable

**c. Convertible Bonds**

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

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

As of 2006.6.30

(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	2,553		2,553
Free float shares	806,012,787		806,012,787

**b. Capital and Price per Share**

As of 2006.6.30

(units: Won, shares)

Type	Capital	Capital	Par value of	Par value of	Price per share	Capital ÷	Capital ÷
Registered	Common Stock	Par value of	free float	Par value per	number of	free float	
		issued shares	shares	share	shares	shares	
	4,030,076,700,000	4,030,076,700,000	4,030,063,935,000	5,000	5,000	5,000	
Total	4,030,076,700,000	4,030,076,700,000	4,030,063,935,000	5,000	5,000	5,000	

**c. Treasury Stock**

As of 2006.3.31

(units: shares)

Acquisition		Type of Stock	Beg.	Acquired	Disposal	Canceled	End	Remarks
Method	Direct purchase under	Common						
	Sub-section 1, section 189-2	Preferred						
	Direct purchase other than the conditions under	Common	2,550	3			2,553	
	Sub-section 1, section 189-2	Preferred						
	Subtotal	Common	2,550	3			2,553	
	Indirect acquisition from trust agreement	Preferred						
	Total	Common	2,550	3			2,553	



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

(units: Won, shares)

Type of stock	Type of Stock	Initial Balance	Ending Balance
Employee Account			
Employee Union Account	Common stock	101,793	57,393

**5. Voting Rights**

As of 2005.12.31

(units: shares)

Items		Number of stock	Notes
Total number of shares	Common Shares Preferred Shares	806,015,340	
Stocks without voting rights	Common Shares Preferred Shares		
Stocks with limited voting rights under the Securities & Exchange Law	-	2,553	
Stocks with voting rights restored	-		
Stocks with voting rights	Common Shares Preferred Shares	806,012,787	

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

(units: Won)

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



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**II. Description of Business**

**1. Business Overview**

**a. Organizational Chart**

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

**b. Financing of operations**

## (1) Source of Funds

(units: millions of Won)

Items	2006 1H	2005	2004
Shareholders Equity	10,624,908	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	4,573,837	3,891,963	2,328,854
Capital Adjustments	1,936,506	1,710,836	1,052,565
Borrowings	2,160,307	2,314,419	2,299,992
Debentures	2,146,925	2,296,203	2,154,637
Bank Borrowings			120,000
Commercial Paper			
Other Borrowings			
Other Liabilities	13,382	18,216	25,354
Total	12,785,215	12,031,783	9,748,044

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## (2) Use of Funds

(units: millions of Won)

Items	2006 1H	2005	2004
Subsidiary Stock	12,226,190	11,751,678	9,436,975
Woori Bank	10,136,687	9,695,213	7,589,957
Kyongnam Bank	726,242	694,275	608,802
Kwangju Bank	582,870	561,330	420,595
Woori Financial Information System	10,888	11,903	7,613
Woori F&I	107,435	114,017	58,231
Woori 3 <sup>rd</sup> Asset Securitization Specialty			
Woori Investment Trust Management			35,076
Woori Securities			361,500
Woori Investment & Securities	609,536	604,543	355,201
Woori CS Asset Management (formerly Woori Asset Management)	43,463	60,600	
Woori Private Equity	9,069	9,797	
Investment Securities	50,391		
Loan Obligations	99,500	109,450	218,641
Tangible Assets	86	119	228
Intangible Assets	38	35	54
Cash	347,141	104,072	56,099
Other Assets	61,869	66,428	36,047
Total	12,785,215	12,031,783	9,748,044

**c. Transactions related to Commission Fees**

(units: millions of Won)

Category	Items	2006 1H	2005 1H	2005
Commission Revenue (A)		0	0	0
Commission Expense (B)		4,937	2,661	6,641
Commission Profit (A-B)		-4,937	-2,661	-6,641

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

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

**a. Won-denominated Current Ratio**

(units: millions of Won)

Items	2006 1H	2005	2004	2003
Current Assets (A)	398,231	111,091	57,346	203,202
Current Liabilities (B)	312,770	18,216	11,385	9,711
Current Ratio (A/B)	127.32%	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 1H	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 1H	2005	2004	2003
Liabilities (A)	2,160,307	2,314,418	2,299,992	2,649,920
Equity (B)	10,624,908	9,717,364	7,448,052	5,597,895
Debt Ratio (A/B)	20.3%	23.8%	30.9%	47.3%

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

<b>Date of Rating</b>	<b>Evaluated Securities</b>	<b>Credit Rating</b>	<b>Company (Ratings Range)</b>	<b>Evaluation Category</b>
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
2006.08.10		Baa2	Moody s (Aaa ~ C)	Periodic evaluation

**e. Other Important Information**

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

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

(units: millions of Won)

Items	2006 1H	2005	2004	2003	2002
Cash and Due from Banks	347,140	104,072	56,099	349,585	73,256
Securities	12,276,581	11,751,678	9,436,976	7,007,222	6,062,119
Loans	99,500	109,450	218,641	830,566	1,231,207
Fixed Assets	125	155	282	293	374
Other Assets	61,868	66,428	36,046	60,148	22,195
<b>Total Assets</b>	<b>12,785,214</b>	<b>12,031,783</b>	<b>9,748,044</b>	<b>8,247,814</b>	<b>7,389,151</b>
Borrowings	0	0	120,000	0	300,000
Debentures	2,146,924	2,296,203	2,154,636	2,621,182	1,999,250
Other Liabilities	13,382	18,216	25,355	28,737	25,772
<b>Total Liabilities</b>	<b>2,160,306</b>	<b>2,314,419</b>	<b>2,299,991</b>	<b>2,649,919</b>	<b>2,325,022</b>
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	4,573,837	3,891,963	2,328,854	1,282,866	1,145,518
Capital Adjustment	1,936,506	1,710,836	1,052,565	376,180	20,892
<b>Total Stockholder s Equity</b>	<b>10,624,908</b>	<b>9,717,364</b>	<b>7,448,053</b>	<b>5,597,895</b>	<b>5,064,129</b>
Operating Income*	1,079,106	1,867,488	1,922,849	1,593,251	878,488
Operating Expenses *	74,856	179,189	662,975	1,390,154	302,721
<b>Operating Profit</b>	<b>1,004,250</b>	<b>1,688,299</b>	<b>1,259,874</b>	<b>203,097</b>	<b>575,767</b>
<b>Ordinary Income</b>	<b>1,004,520</b>	<b>1,688,221</b>	<b>1,261,925</b>	<b>202,565</b>	<b>589,214</b>
<b>Net profit</b>	<b>1,004,520</b>	<b>1,688,221</b>	<b>1,261,925</b>	<b>202,565</b>	<b>589,214</b>

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

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

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

(units: millions of Won)

Items	2005	2004	2003	2002	2001
Cash and Due from Banks	11,224,015	6,530,065	6,471,855	6,568,852	6,432,890
Securities	37,693,090	29,175,271	27,006,677	26,452,509	25,024,333
Loans	106,937,970	91,482,647	86,077,297	73,604,113	59,876,198
Fixed Assets	2,684,534	2,646,979	2,734,616	2,796,183	2,831,851
Other Assets	6,003,239	6,767,002	6,477,275	5,421,877	5,920,545
<b>Total Assets</b>	<b>164,542,848</b>	<b>136,601,964</b>	<b>128,767,720</b>	<b>114,843,534</b>	<b>100,058,817</b>
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
<b>Total Liabilities</b>	<b>153,437,886</b>	<b>127,896,684</b>	<b>123,069,420</b>	<b>109,528,767</b>	<b>95,646,623</b>
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
<b>Total Stockholder s Equity</b>	<b>11,104,962</b>	<b>8,705,280</b>	<b>5,698,300</b>	<b>5,314,767</b>	<b>4,439,194</b>
Operating Income (1)	14,258,430	13,245,482	10,403,445	9,623,990	10,159,156
Operating Expenses (2)	12,227,877	12,138,088	10,060,209	8,908,732	9,847,439
Operating Profit	2,030,553	1,107,394	343,236	715,258	311,717
Non-operating Income	573,219	482,946	639,883	540,113	1,190,685
Non-operating Expenses	458,068	397,766	752,057	800,487	937,984
Ordinary Income	2,145,704	1,192,574	231,062	454,884	564,418
Aggregated Net Profit	1,833,521	1,261,052	52,374	613,576	736,616
Consolidated Net Profit	1,688,221	1,261,925	56,279	591,588	686,287
No. of Companies Consolidated	21	24	15	17	17

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

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

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

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

Period	Item	Total Credits	Loan Loss Reserves	(units: millions of Won)	
				Provisioning Ratio	
2006 1Q	Lending	100,000	550	0.5%	
	Loans				
	Total	100,000	550	0.5%	
2005	Lending	110,000	550	0.5%	
	Loans				
	Total	110,000	550	0.5%	
2004	Lending	151,850	759	0.5%	
	Loans	67,890	339	0.5%	
	Total	219,740	1,098	0.5%	

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

Item	(units: millions of Won)		
	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	-50	-548	-3,076
Ending loan loss reserve balance	500	550	1,098



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**4. Notes on Consolidated Financial Statements**

(1) Auditor's opinion

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

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

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

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

<b>2006 1H</b> Deloitte Anjin	<b>2005 1H</b> HanaAnjin (Deloitte HanaAnjin)	<b>2005</b> Anjin (Deloitte Anjin)	<b>2004</b> HanaAnjin (Deloitte HanaAnjin)
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**2. Compensation to the Independent Auditor****a. Auditing Service**

(units: millions of Won)

Year	Auditor	Activity	Compensation	Accrued Time (hrs)
2006 1H	Anjin (Deloitte Anjin)	Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated)	320	2,373
2005	Anjin (Deloitte Anjin)	Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated)	320	5,950
2004	HanaAnjin (Deloitte HanaAnjin)	Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated)	310	7,158

**b. Compensation for Services Other than the Audit**

(units: thousands of dollars)

Year	Contract Date	Activity	Period	Comp.	Note
2006 1H	-	-	-	-	-
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

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**V. Corporate Governance and Affiliated Companies**

**1. Overview of the Corporate Governance**

**a. About the Board of Directors**

(1) Board of Directors

A. Duties of Boards of Directors

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

B. Information Regarding the Board of Directors

The following information was stated in the notice to the shareholders of the annual general meeting and 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		- B.A. in Sociology, Seoul National University		
Director and audit Committee	Je-Hoon Lee	- M.A. in Journalism, Seoul National University - CEO & President of The JoongAng Ilbo	N/A	N/A
Non-standing		- Currently President of Korea BBB Association - B.A. in Economics, Seoul National University		
Director and audit Committee	Sung-Tae Ro	- Ph.D. in Economics, Harvard University - Dean of Business School at Myongji University	N/A	N/A
Non-standing	Woon-Youl	- Currently President of Korea Economic Research Institute - B.B.A. in Business Administration, Seoul National University	N/A	N/A

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

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

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C. Appointment of Non-standing Directors

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

\* Article 42 (Committee)

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

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

D. Committees within Board of Directors

1. BOD Management Committee

<b>Name</b>	<b>Position</b>	<b>Notes</b>
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	



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## 2. Management Compensation Committee

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

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

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

## 3. Risk Management Committee

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

\* Non-standing directors Sung-Kwan Huh, Bong Soo Park, and Sung-Hwan Bae were newly appointed to the committee on March 28, 2006. Non-standing directors, Sung-Tae Ro and Woon-Youl Choi were reappointed to the committee on March 28, 2006.

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

\* Sung-Hwan Bae resigned on July 18, 2006.

## 4. Audit Committee

<b>Name</b>	<b>Position</b>	<b>Notes</b>
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	

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

\* Sung-Hwan Bae resigned on July 18, 2006.

## 5. Executive Management Committee

<b>Name</b>	<b>Position</b>	<b>Notes</b>
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Young-Key Hwang  
Seung Hee Park

Chairman and CEO  
Senior managing director and  
CFO

Chairman/CEO Young-Key Hwang heads the  
committee consisting of all executive directors.

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## 6. Ethics Management Committee

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

- \* Non-standing director Sung-Hwan Bae was appointed to the committee and non-standing directors Je-Hoon Lee and Chung-Sook Moon were reappointed on March 28, 2006.
- \* Non-standing director Oh-Seok Hyun resigned on March 28, 2006.
- \* Non-standing director Sung-Hwan Bae resigned on July 18, 2006.

## 7. Non-standing Director Candidate Nomination Committee

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

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

## 8. MOU Review Committee

<b>Name</b>	<b>Position</b>	<b>Notes</b>
Young-Key Hwang	Chairman and CEO	Chairman/CEO Young-Key Hwang heads this committee consisting of the entire board of directors.
Seung Hee Park	Senior Managing director and CFO	
Je-Hoon Lee	Non-standing Director	
Sung-Tae Ro	Non-standing Director	
Sung-Kwan Huh	Non-standing Director	
Bong Soo Park	Non-standing Director	
Woon-Youl Choi	Non-standing Director	
Chung-Sook Moon	Non-standing Director	
Sung-Hwan Bae	Non-standing Director	

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

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## E. Stock Options

As of June 30, 2006

(units: Won, shares)

Grantee	Relationship	Grant date	Type of stock	No. of granted options	Exercised options	Cancelled options	Exercisable options	Closing price
Byung Chul Yoon	Standing director	2002.12.04	Common	100,000	95,000	5,000	0	17,850
Kwang Woo Chun	Standing director	2002.12.04	Common	80,000	76,000	4,000	0	17,850
Euoo Sung Min	Standing director	2002.12.04	Common	80,000	0	80,000	0	17,850
Hwan Kyu Park	Non-standing dir.	2002.12.04	Common	40,000	0	2,000	38,000	17,850
Ki Chul Han	Non-standing dir.	2002.12.04	Common	30,000	10,500	1,500	18,000	17,850
Tae Ho Sohn	Non-standing dir.	2002.12.04	Common	30,000	28,500	1,500	0	17,850
Won Gihl Sohn	Non-standing dir.	2002.12.04	Common	30,000	28,500	1,500	0	17,850
Nam Hong Cho	Standing director	2002.12.04	Common	10,000	0	500	9,500	17,850
Sang Chul Lee	Standing director	2002.12.04	Common	10,000	9,500	500	0	17,850
Jae Woong Lee	Standing director	2002.12.04	Common	10,000	0	500	9,500	17,850
Gae Min Lee	Standing director	2002.12.04	Common	10,000	0	500	9,500	17,850
Kwang Sun Chung	Standing director	2002.12.04	Common	10,000	0	10,000	0	17,850
Hae-Seok Suh	Standing director	2002.12.04	Common	10,000	0	500	9,500	17,850
Duk Hoon Lee	Director of related company	2002.12.04	Common	80,000	28,000	4,000	48,000	17,850
Jong Wook Kiim	Director of related company	2002.12.04	Common	45,000	42,750	2,250	0	17,850
Jin Kyu Park	Director of related company	2002.12.04	Common	45,000	42,750	2,250	0	17,850
Jong Ku Min	Director of related company	2002.12.04	Common	30,000	0	30,000	0	17,850
Jong Hwee Lee	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	17,850
Dong Myun Suh	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	17,850
Ki Shin Kim	Director of related company	2002.12.04	Common	30,000	18,000	1,500	10,500	17,850
Young Seok Kim	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	17,850
Byung Kil Choi	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	17,850

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Grantee	Relationship	Grant date	Type of stock	No. of granted options	Exercised options	Cancelled options	Exercisable options	Closing Price
Young Ho Park	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	17,850
Tae Woong Chung	Director of related company	2002.12.04	Common	30,000	0	1,500	28,500	17,850
Dong Chan Bae	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	17,850
Dae Hwan Kim	Director of related company	2002.12.04	Common	10,000	0	500	9,500	17,850
Young Ha Kim	Director of related company	2002.12.04	Common	10,000	3,500	500	6,000	17,850
Young Yong Kim	Director of related company	2002.12.04	Common	10,000	3,500	500	6,000	17,850
Taik Su Han	Director of related company	2002.12.04	Common	10,000	0	500	9,500	17,850
Sang Im Park	Director of related company	2002.12.04	Common	10,000	0	500	9,500	17,850
Joon Ho Hahm	Director of related company	2002.12.04	Common	10,000	0	500	9,500	17,850
Joon Ho Lee	Director of related company	2002.12.04	Common	30,000	0	500	28,500	17,850
Joo Sun Yeom	Director of related company	2002.12.04	Common	20,000	0	1,000	19,000	17,850
Ga Seok Chae	Director of related company	2002.12.04	Common	20,000	0	1,000	19,000	17,850
Sung Wook Park	Director of related company	2002.12.04	Common	5,000	4,750	250	0	17,850
Ki Seok Kim	Director of related company	2002.12.04	Common	5,000	0	250	4,750	17,850
Jae Ki Hong	Director of related company	2002.12.04	Common	5,000	4,750	250	0	17,850
Sam Su Pyo	Director of related company	2002.12.04	Common	40,000	38,000	2,000	0	17,850
Jung Rak Chun	Director of related company	2002.12.04	Common	30,000	0	30,000	0	17,850
Won Chul Hwang	Director of related company	2002.12.04	Common	20,000	0	1,000	19,000	17,850
Jong Hwee Kim	Director of related company	2002.12.04	Common	15,000	0	150,000	0	17,850

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	company							
Sung Hoo Kwak	Director of related	2002.12.04	Common	15,000	0	15,000	0	17,850
	company							
Seok Hwan Lee	Director of related	2002.12.04	Common	15,000	0	15,000	0	17,850
	company							
Seok Hee Hwang	Director of related	2002.12.04	Common	40,000	0	40,000	0	17,850
	company							
Choong Wan Lee	Director of related	2002.12.04	Common	35,000	0	35,000	0	17,850
	company							
Ki Sang Chung	Director of related	2002.12.04	Common	30,000	0	30,000	0	17,850
	company							

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Grantee	Relationship	Grant date	Type of stock	No. of granted options	Exercised options	Cancelled options	Exercisable options	Closing Price
Ki Joong Kim	Director of related company	2002.12.04	Common	15,000	0	15,000	0	17,850
Kwang Suh Koo	Director of related company	2002.12.04	Common	15,000	0	15,000	0	17,850
In Kee Baek	Director of related company	2002.12.04		30,000	28,500	1,500	0	17,850
Seung Yang Han	Director of related company	2002.12.04		15,000	0	15,000	0	17,850
Keun Soo Yook	Director of related company	2002.12.04		15,000	0	15,000	0	17,850
Ki Jong Chung	Director of related company	2002.12.04	Common	5,000	4,750	250	0	17,850
Hun Il Nam	Director of related company	2002.12.04	Common	30,000	10,500	1,500	18,000	17,850
Young Soo Kim	Director of related company	2002.12.04	Common	30,000	28,500	1,500	0	17,850
Jin Ho Yoon	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	17,850
Seok Koo Yoon	Director of related company	2002.12.04	Common	15,000	5,250	750	9,000	17,850
Ji Yeon Joo	Director of related company	2002.12.04	Common	15,000	14,250	750	0	17,850
Ho Hyun Lee	Director of related company	2002.12.04	Common	20,000	19,000	1,000	0	17,850
Chan Kook Chung	Director of related company	2002.12.04	Common	15,000	0	750	14,250	17,850
Duk Yoon Kim	Director of related company	2002.12.04	Common	15,000	8,250	750	6,000	17,850
Young Wook Kim	Director of related company	2002.12.04	Common	15,000	0	750	14,250	17,850
Dae Kyu Ko	Director of related company	2002.12.04	Common	15,000	7,250	750	7,000	17,850
Total				1,560,000	664,750	420,000	475,250	

1. Exercised options as of June 30, 2006
2. Cancelled options reflect the deductions as stipulated in the stock option agreement for failure to meet the substandard and below loan ratio target.
3. Exercise period: December 5, 2005 ~ December 4, 2008
4. Exercise Price:

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

40% of granted = 6,800 Won

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**2. Related Companies**

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

As of June 30, 2006

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

Type	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		441,474	635,957	100.0	10,136,687	1,425,755
	Kwangju Bank	44,080	99.9	561,330		21,540	44,080	99.9	582,870	124,684
	Kyongnam Bank	51,800	99.9	694,275		31,967	51,800	99.9	726,242	132,678
	Woori Finance Info Sys.	900	100.0	11,903		-1,015	900	100.0	10,888	3,473
	Woori F&I	2,000	100.0	114,017		-6,582	2,000	100.0	107,435	59,002
DOMESTIC	Woori 3 <sup>rd</sup> SPC	2	100.0				2	100.0		16,887
	Woori Investment & Securities (formerly LGIS)	46,325	30.00	604,543		4,993	46,325	30.60	609,536	258,839
	Woori CS Asset Management (formerly LGITM)	6,662	100.0	60,600	1,999	-17,137	4,663	70.0	43,463	8,363
	Woori Private Equity Foreign	2,000	100.0	9,797		-728	2,000	100.0	9,069	-203
	<b>Total</b>	<b>789,726</b>		<b>11,751,678</b>	<b>1,999</b>	<b>474,512</b>	<b>787,727</b>		<b>12,226,190</b>	<b>1,809,443</b>

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

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

As of 2006.6.30

(units: shares, %)

Name	Relation	Type	Beginning balance		Shares Held		Ending balance		Reasons Behind Change
			Stock	Share	(+)	(-)	Stock	Share	
KDIC	Major S/H	Common	628,458,609	77.97			628,458,609	77.97	
		Common	628,458,609	77.97			628,458,609	77.97	
Total		Preferred					0	0	
Total			628,458,609	77.97			628,458,609	77.97	

Major Shareholder: KDIC

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

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 (Individual)	1	0.00	6,747	0.00
Total	41,133	100.00	806,015,340	100.0



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

(units: Won, shares)

Period	January	February	March	April	May	June
High	20,250	19,400	19,300	22,400	22,800	18,700
Low	17,050	17,600	18,100	19,500	19,000	16,800
Monthly Trade Volume	61,197,334	43,258,838	40,768,126	45,181,780	37,752,979	45,838,899

**b. Foreign Stock Market (NYSE)**

(units: US Dollars, shares)

Period	January	February	March	April	May	June
ADR	High	63.55	60.39	59.55	68.71	60.24
	Low	52.79	54.22	55.30	61.30	51.60
Monthly Trade Volume	469,300	217,000	163,500	197,000	326,300	215,700

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

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

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

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

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

**2. Employee Status**

(units: years, thousands of Won)

Items	Staff				Average		Average Compensation		Note
	Admin.	Manu.	Misc.	Total	Tenure		Per Person		
					Years	Quarterly Compensation			
Male	68		1	69	6	1,719,520	24,921		
Female	7			19	6	257,307	13,542		
<b>Total</b>	<b>75</b>		<b>13</b>	<b>88</b>	<b>6</b>	<b>1,976,828</b>	<b>22,464</b>		

**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**

<b>Items</b>	<b>Number</b>	<b>Responsibilities</b>	<b>Remarks</b>
Lawyer	1	Legal advisory	
CPA	3	Financial accounting, Financial Planning, Business Planning	

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**VIII. Related Party Transactions**

**1. Transactions with Affiliated Parties**

**a. Transactions of Provisional Payments and Loans (including secured loans)**

(units: millions of Won)

<b>Name</b>	<b>Relation</b>	<b>Item</b>	<b>Beg.</b>	<b>Changes</b>	<b>End</b>	<b>Notes</b>
Woori Finance Info. Sys	subsidiary	Other loan	30,000	+	30,000	
Woori F&I	subsidiary	Other loan	80,000		-10,000	70,000
<b>Total</b>			<b>110,000</b>		<b>-10,000</b>	<b>100,000</b>

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

(units: millions of Won)

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



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**EXHIBIT A**  
**FINANCIAL STATEMENTS**

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

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS

ENDED JUNE 30, 2006 AND 2005

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

**Audit, Tax, Consulting, Financial Advisory.**

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**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 June 30, 2006 and the related non-consolidated statements of income and cash flows for the three months and six months ended June 30, 2006 and 2005, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

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

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

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

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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.

August 4, 2006

**Notice to Readers**

This report is effective as of August 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.

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

	2006	Korean won		Translation into		
			(In millions)	2006	2005	U.S. dollars (Note 2) (In thousands)
<b>ASSETS</b>						
Cash and bank deposits (Notes 14, 16 and 18)	(Won)	347,141	(Won)	104,072	US\$ 361,492	US\$ 108,375
Investment securities accounted for using the equity method of accounting (Notes 3 and 16)		12,226,190		11,751,678	12,731,636	12,237,507
Available-for-sale securities (Note 4)		50,391			52,474	
Loans, net of allowance for possible loan losses (Notes 5, 16 and 18)		99,500		109,450	103,613	113,975
Fixed and intangible assets (Note 6)		125		155	130	161
Other assets (Notes 7 and 18)		61,868		66,428	64,427	69,174
	(Won)	12,785,215	(Won)	12,031,783	US\$ 13,313,772	US\$ 12,529,192
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>LIABILITIES</b>						
Debentures, net of discounts (Notes 8 and 16)	(Won)	2,146,925	(Won)	2,296,203	US\$ 2,235,682	US\$ 2,391,131
Other liabilities (Notes 9, 10 and 18)		13,382		18,216	13,935	18,969
		2,160,307		2,314,419	2,249,617	2,410,100
<b>SHAREHOLDERS' EQUITY</b>						
Common stock (Note 11)		4,030,077		4,030,077	4,196,685	4,196,685
Capital surplus (Note 11)		84,488		84,488	87,981	87,981
Retained earnings (Notes 3 and 11):						
Legal reserve		377,249		208,427	392,845	217,044
Voluntary reserve		3,190,000		2,030,000	3,321,878	2,113,923
Retained earnings before appropriations (Net income of (Won)1,004,520 million for the six months ended June 30, 2006 and (Won)1,688,221 million for the year ended December 31, 2005)		1,006,587		1,653,536	1,048,202	1,721,895
		4,573,836		3,891,963	4,762,925	4,052,862
Capital adjustments (Notes 3 and 11)		1,936,507		1,710,836	2,016,564	1,781,564
		10,624,908		9,717,364	11,064,155	10,119,092
	(Won)	12,785,215	(Won)	12,031,783	US\$ 13,313,772	US\$ 12,529,192

See accompanying notes to non-consolidated financial statements.

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

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
	(In millions, except for income per share data)				(In thousands, except for income per share data)			
<b>OPERATING REVENUE</b>								
Gain on valuation using the equity method of accounting (Notes 3 and 17)	(Won) 598,650	(Won) 1,071,292	(Won) 497,148	(Won) 916,240	US\$ 623,399	US\$ 1,115,581	US\$ 517,701	US\$ 954,118
Interest income (Note 18)	5,101	7,765	4,016	7,883	5,312	8,086	4,182	8,209
Reversal of allowance for doubtful accounts	50	50	42	64	52	52	44	67
	603,801	1,079,107	501,206	924,187	628,763	1,123,719	521,927	962,394
<b>OPERATING EXPENSES</b>								
Loss on valuation using the equity method of accounting (Notes 3 and 17)	412	800	388	27,043	429	833	404	28,161
Interest expense	26,671	54,728	28,391	56,825	27,774	56,991	29,566	59,174
Loss on valuation of swap contracts				91				95
Loss on foreign currency transactions			1	1			1	1
Fees and commissions (Note 18)	3,480	4,937	1,605	2,661	3,624	5,141	1,671	2,771
General and administrative (Notes 15 and 18)	9,057	14,391	6,186	10,995	9,431	14,986	6,442	11,450
	39,620	74,856	36,571	97,616	41,258	77,951	38,084	101,652
<b>OPERATING INCOME</b>	564,181	1,004,251	464,635	826,571	587,505	1,045,768	483,843	860,742
<b>NON-OPERATING INCOME</b>	237	279	201	297	247	290	210	309
<b>NON-OPERATING EXPENSES</b>	5	10	4	12	5	10	4	12

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INCOME BEFORE								
INCOME TAX	564,413	1,004,520	464,832	826,856	587,747	1,046,048	484,049	861,039
INCOME TAX EXPENSE (Note 13)								
NET INCOME	(Won) 564,413	(Won) 1,004,520	(Won) 464,832	(Won) 826,856	US\$ 587,747	US\$ 1,046,048	US\$ 484,049	US\$ 861,039

(Continued)

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

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)			
BASIC ORDINARY INCOME PER COMMON SHARE (Note 19)	(Won) 700	(Won) 1,246	(Won) 577	(Won) 1,030	US\$ 0.73	US\$ 1.30	US\$ 0.60	US\$ 1.07
BASIC NET INCOME PER COMMON SHARE (Note 19)	(Won) 700	(Won) 1,246	(Won) 577	(Won) 1,030	US\$ 0.73	US\$ 1.30	US\$ 0.60	US\$ 1.07
DILUTED ORDINARY INCOME PER COMMON SHARE (Note 19)	(Won)	(Won)	(Won) 576	(Won) 1,026	US\$	US\$	US\$ 0.60	US\$ 1.07
DILUTED NET INCOME PER COMMON SHARE (Note 19)	(Won)	(Won)	(Won) 576	(Won) 1,026	US\$	<u>US\$</u> -	US\$ 0.60	US\$ 1.07

See accompanying notes to non-consolidated financial statements.



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## WOORI FINANCE HOLDINGS CO., LTD.

## NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	Korean won				Translation into U.S. dollars (Note 2)			
	2006		2005		2006		2005	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
	(In millions)				(In thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Net income	(Won) 564,413	(Won) 1,004,520	(Won) 464,832	(Won) 826,856	US\$ 587,747	US\$ 1,046,048	US\$ 484,049	US\$ 861,039
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Loss on valuation using the equity method of accounting	412	800	388	27,043	429	833	404	28,161
Interest expense (amortization of discounts on debentures)	367	721	405	1,085	382	751	422	1,129
Loss on valuation of swap contracts				91				95
Provision for severance benefits	106	376	297	561	111	392	309	584
Depreciation	16	52	23	70	17	54	24	73
Amortization on intangible assets	6	11	5	10	6	12	5	10
Other non-operating expenses	1	1			1	1		
Gain on valuation using the equity method of accounting	(598,650)	(1,071,292)	(497,148)	(916,240)	(623,399)	(1,115,581)	(517,701)	(954,118)
Accrued interest on loans			(561)	(1,116)			(584)	(1,162)

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Reversal of allowance for doubtful accounts	(50)	(50)	(42)	(64)	(52)	(52)	(44)	(67)
Gain on disposal of tangible assets	(19)	(19)			(20)	(20)		
Other non-operating income			(39)	(39)			(40)	(40)
	(597,811)	(1,069,400)	(496,672)	(888,599)	(622,525)	(1,113,610)	(517,205)	(925,335)

(Continued)

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

	2006		Korean won 2005		Translation into U.S. dollars (Note 2)							
	Three months	Six months	Three months (In millions)	Six months	Three months 2006	Six months	Three months (In thousands)	Six months				
Changes in operating assets and liabilities:												
Decrease in other receivable	(Won)	(Won)	(Won)	46	(Won)	451	US\$	US\$	US\$	48	US\$	470
Decrease (increase) in accrued income	(301)	231	103	82	(313)	240	107	85				
Decrease (increase) in advanced payments	2	(18)	8	73	2	(19)	8	76				
Decrease (increase) in prepaid expenses	235	(190)	412	429	245	(198)	429	447				
Decrease in prepaid income tax	1,246	1,246	5,343	5,291	1,298	1,298	5,564	5,510				
Payment of severance benefits	(38)	(269)		(13)	(40)	(280)		(14)				
Decrease in retirement insurance	101	245		13	105	255		14				
Increase (decrease) in other payables	(475)	(343)	758	948	(495)	(357)	789	987				
Increase (decrease) in accrued expenses	340	(1,482)	(216)	(1,855)	354	(1,543)	(225)	(1,932)				
Increase (decrease) in withholdings	(18)	(168)	222	63	(19)	(175)	231	66				
Dividend income	37,625	767,091	10,620	71,054	39,180	798,803	11,059	73,991				
	38,717	766,343	17,296	76,536	40,317	798,024	18,010	79,700				
Net cash provided by (used in) operating	5,319	701,463	(14,544)	14,793	5,539	730,462	(15,146)	15,404				

activities

CASH FLOWS FROM INVESTING ACTIVITIES:								
Capital reduction of a subsidiary					154,000			160,366
Disposition of investment securities accounted for using for equity method								
accounting	54,000	54,000			56,232	56,232		
Collection of loans	10,000	10,000	8,950	13,950	10,413	10,413	9,320	14,527
Disposition of vehicles	19	19			20	20		
Collection of guarantee deposits	25	25			26	26		
(Continued)								

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## WOORI FINANCE HOLDINGS CO., LTD.

## NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

## FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	Korean won				Translation into U.S. dollars (Note 2)					
	2006		2005		2006		2005			
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months		
	(In millions)				(In thousands)					
Acquisition of investment securities accounted for using the equity method accounting	(Won)	(Won)	(Won)	(84,141)	(Won)	(84,141)	US\$	US\$	US\$ (87,619)	US\$ (87,619)
Acquisition of available-for-sale securities	(50,000)	(50,000)					(52,067)	(52,067)		
Acquisition of furniture and equipment	(3)	(6)					(3)	(6)		
Acquisition of leasehold improvement	(9)	(13)	(1)	(1)	(9)	(14)	(1)	(1)		
Acquisition of industrial property rights	(14)	(14)					(14)	(14)		
Net cash provided by (used in) investing activities	14,018	14,011	(75,192)	83,808	14,598	14,590	(78,300)	87,273		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>										
Proceeds from debentures in local currency			249,272	249,272			259,577	259,577		
Repayment of borrowings			(120,000)	(120,000)			(124,961)	(124,961)		
Repayment of debentures in local currency	(150,000)	(150,000)			(156,201)	(156,201)				
Cost on issuance of new shares				(709)				(738)		
Payment of dividends	(322,405)	(322,405)	(119,468)	(119,468)	(335,734)	(335,734)	(124,407)	(124,407)		
Net cash provided by (used in)	(472,405)	(472,405)	9,804	9,095	(491,935)	(491,935)	10,209	9,471		

financing activities									
NET INCREASE (DECREASE) IN CASH AND BANK DEPOSITS	(453,068)	243,069	(79,932)	107,696	(471,798)	253,117	(83,237)	112,148	
CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD	800,209	104,072	243,727	56,099	833,290	108,375	253,803	58,418	
CASH AND BANK DEPOSITS, END OF THE PERIOD	(Won) 347,141	(Won) 347,141	(Won) 163,795	(Won) 163,795	US\$ 361,492	US\$ 361,492	US\$ 170,566	US\$ 170,566	

See accompanying notes to non-consolidated financial statements.

**Table of Contents****WOORI FINANCE HOLDINGS CO., LTD.****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005****1. GENERAL****(1) Woori Finance Holdings Co., Ltd.**

Woori Finance Holdings Co., Ltd. (the Company) was incorporated on March 27, 2001, to engage in the business of managing the following five financial institutions; Woori Bank, Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the KDIC) in accordance with the provisions of the Financial Holding Company Act. As a result of its functional restructuring, the Company owns 9 subsidiaries and 12 2nd-tier subsidiaries as of June 30, 2006.

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

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

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

Parent companies	Subsidiaries	2006		2005		Financial statements as of
		Number of shares owned	Percentage of ownership (%)	Number of shares owned	Percentage of ownership (%)	
Woori Finance Holdings Co., Ltd.	Woori Bank	635,956,580	100.0	635,956,580	100.0	Jun. 30
	Kyongnam Bank	51,800,000	99.9	51,800,000	99.9	Jun. 30
	Kwangju Bank	44,080,000	99.9	44,080,000	99.9	Jun. 30
	Woori Finance Information System Co., Ltd.	900,000	100.0	900,000	100.0	Jun. 30
	Woori F&I Co., Ltd.	2,000,000	100.0	2,000,000	100.0	Jun. 30
	Woori Third Asset Securitization Specialty Co., Ltd.	2,000	100.0	2,000	100.0	Jun. 30
	Woori Investment Securities Co., Ltd. (*1)	46,324,981	35.0	46,324,981	34.4	Jun. 30
	Woori Credit Suisse Asset Management Co., Ltd. (*3)	4,663,400	70.0	6,662,000	100.0	Jun. 30
	Woori Private Equity Co., Ltd.	2,000,000	100.0	2,000,000	100.0	Jun. 30
Woori Bank	Woori Credit Information Co., Ltd.	1,008,000	100.0	1,008,000	100.0	Jun. 30(*2)
	Woori America Bank	10,500,000	100.0	10,500,000	100.0	Jun. 30(*2)
	PT. Bank Woori Indonesia	1,618	95.2	1,618	95.2	Jun. 30(*2)
	Korea BTL Infrastructure Fund (*4)	2,000,000	100.0			Jun. 30(*2)
Woori F&I Co., Ltd.	Woori SB Asset Management Co., Ltd. (*5)	408,000	51.0	800,000	100.0	Jun. 30

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Woori Investment Securities Co., Ltd.	Woori Futures Co., Ltd.	5,000,000	100.0	5,000,000	100.0	Jun. 30
	Woori Investment Securities Int l Ltd.	5,788,000	100.0	5,788,000	100.0	Jun. 30 (*2)



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	Woori Investment Securities (H.K.) Ltd.	22,500,000	100.0	22,500,000	100.0	Jun. 30 (*2)
Woori Investment Securities Co., Ltd	Woori Investment Securities America, Inc.	300	100.0	300	100.0	Jun. 30 (*2)
	LG Investment Holding B.V. (Amsterdam) GG	1,642,398,242	100.0	1,642,398,242	100.0	Jun. 30 (*2)
	High Technology Venture Investment	1,500,000	42.9	1,500,000	42.9	Jun. 30 (*2)
	Global Technology Investment	1,500,000	50.0	1,500,000	50.0	Jun. 30 (*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 June 30, 2006 are not reviewed. In order to ensure the credibility of the financial statements of those subsidiaries, the Company performed certain procedures in accordance with Practice Statements in Financial Reporting 2002-7 Investees financial statements applied using the equity method of accounting .
- (\*3) On May 30, 2006, the Company sold 1,998,600 shares (30%) of Woori Asset Management Co., Ltd. ( Woori Asset Management ) and Woori Asset Management changed its corporate name into Woori Credit Suisse Asset Management Co., Ltd. ( Woori CS ).
- (\*4) On June 16, 2006, Woori Bank acquired whole ownership (2,000,000 shares) of Korea BTL Infrastructure Fund.
- (\*5) 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 June 30, 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)960.30 to US\$ 1.00 at June 30, 2006, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

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

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

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

No.18 to No.20 on or after January 1, 2006, and will adopt SKASs No.21 to No.22.

Significant SKASs newly adopted are summarized below.

1) Related Party Disclosures SKAS No.20

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

	Gain (loss)						
	on valuation using						
	January 1,	the equity	Capital	Retained	Acquisition	Dividends	June 30,
	2006	method	adjustments	earnings	/ Disposal		2006
Woori Bank	(Won) 9,695,213	(Won) 849,164	(Won) 185,263	(Won) (242)	(Won)	(Won) (592,711)	(Won) 10,136,687
Kyongnam Bank	694,275	93,653	4,618			(66,304)	726,242
Kwangju Bank	561,330	62,060	430			(40,950)	582,870
Woori Finance							
Information System	11,903	3,485				(4,500)	10,888
Woori F&I	114,017	17,530	5,389			(29,501)	107,435
Woori Third Asset Securitization Specialty		(74)				(*1) 74	
Woori Investment	604,543	38,577	(5,789)			(27,795)	609,536

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Securities (*2)						
Woori CS	60,600	6,823	766	(19,396)	(5,330)	43,463
Woori PE	9,797	(726)	(2)			9,069
	(Won) 11,751,678	(Won) 1,070,492	(Won) 190,675	(Won) (242)	(Won) (19,396)	(Won) (767,017)
						(Won) 12,226,190

(\*1) Adjustment on dividend receivables

(\*2) The market value of Woori Investment Securities is (Won)919,551 million ((Won)19,850 per share) as of June 30, 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	Gain (loss)	Capital	Retained	Other	
	cost	on valuation using the equity method	adjustments	earnings	(decrease)	Dec. 31, 2005
Woori Bank (*1)	(Won) 3,207,893	(Won) 3,966,728	(Won) 1,466,762	(Won) (250,043)	(Won) 1,303,873	(Won) 9,695,213
Kyongnam Bank	259,000	469,775	33,014	(11,466)	(56,048)	694,275
Kwangju Bank	170,403	366,509	8,162	(3,777)	20,033	561,330
Woori Finance						
Information						
System	5,244	6,858	5	(204)		11,903
Woori F&I	10,094	101,932	11,073	(60)	(9,022)	114,017
Woori Third Asset						
Securitization						
Specialty	10	21,860	47,680	(9,890)	(59,660)	
Woori Investment						
Securities (*2)	507,863	43,624	146,716	(2,577)	(91,083)	604,543
Woori CS (*3)	87,570	9,827	(2,558)		(34,239)	60,600
Woori PE	10,000	(203)				9,797
	(Won) 4,258,077	(Won) 4,986,910	(Won) 1,710,854	(Won) (278,017)	(Won) 1,073,854	(Won) 11,751,678

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

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

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

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

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

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

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

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

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

	<b>Jan. 1, 2006</b>	<b>Amortization</b>	<b>Jun. 30, 2006</b>
Woori F&I	(Won) 75	(Won) 2	(Won) 73
Woori Investment Securities	(2,735)	(72)	(2,663)
	(Won) (2,660)	(Won) (70)	(Won) (2,590)

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

	<b>Jan. 1, 2006</b>	<b>Realized</b>	<b>Incurred</b>	<b>Jun. 30, 2006</b>
Woori Bank	(Won) 7,020	(Won) 1,231	(Won)	(Won) 8,251
Kyongnam Bank	(40)	36		(4)
Kwangju Bank	(5,456)	4,857		(599)
Woori Finance Information System	327	456		783
Woori F&I	(234)	(50)		(284)
Woori Third Asset Securitization Specialty	(139)			(139)
	(Won) 1,478	(Won) 6,530	(Won)	(Won) 8,008

**4. AVAILABLE-FOR-SALE SECURITIES**

Acquisition cost and fair value of available-for-sale securities as of June 30, 2006 are as follows (Korean won in millions):

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	<b>Acquisition cost</b>	<b>Fair value</b>	<b>Book value</b>
Beneficiary certificates	(Won) 50,000	(Won) 50,391	(Won) 50,391

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**Table of Contents****5. LOANS**

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

	Issuance date	Maturity date	Annual interest rate (%)	Annual	
				2006	2005
				(Won) 30,000	(Won) 30,000
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	47,000	57,000
	Jul. 7, 2003	Jul. 7, 2007	7.3	23,000	23,000
				70,000	80,000
<b>Total</b>				<b>100,000</b>	<b>110,000</b>
Allowance for possible loan losses				(500)	(550)
				<b>(Won) 99,500</b>	<b>(Won) 109,450</b>

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

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

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

	2006	2005
Loans:		
Woori F&I	(Won) 350	(Won) 400
Woori Finance Information System	150	150
	(Won) 500	(Won) 550

**6. FIXED ASSETS AND INTANGIBLE ASSETS**

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

	Jan. 1, 2006	Acquisition	Disposition	Depreciation	Jun. 30, 2006
Furniture and equipment	(Won) 75	(Won) 6	(Won)	(Won) 34	(Won) 47
Leasehold improvements	45	13		18	40

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	(Won) 120	(Won) 19	(Won)	(Won) 52	(Won) 87
	<b>Jan. 1, 2005</b>	<b>Acquisition</b>	<b>Disposition</b>	<b>Depreciation</b>	<b>Dec. 31, 2005</b>
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

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

	Jan. 1, 2006	Acquisition	Amortization	Jun. 30, 2006
Software	(Won) 7	(Won)	(Won) 3	(Won) 4
Industrial property rights	28	14	8	34
	(Won) 35	(Won) 14	(Won) 11	(Won) 38

	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 June 30, 2006, accumulated amortization of software and industrial property rights amount to (Won)30 million and (Won)48 million, respectively.

**7. OTHER ASSETS**

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

	2006	2005
Guarantee deposits (Note 18)	(Won) 4,178	(Won) 4,204
Other receivables (Notes 12 and 18)	2,897	6,090
Dividend receivables	53,688	53,761
Accrued income (Note 18)	699	929
Advanced payments	18	
Prepaid expenses	388	198
Prepaid income tax		1,246
	(Won) 61,868	(Won) 66,428

**8. DEBENTURES**

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

	Issuance	Annual interest		2006	2005
	date	rate (%)	Maturity		
The 8th bonds	Dec. 26, 2002	6.05	Dec. 26, 2007	(Won) 200,000	(Won) 200,000
The 9th bonds	Sep. 19, 2003	4.64	Sep. 19, 2006	300,000	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



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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
				2,150,000	2,300,000
Less: discounts				(3,075)	(3,797)
				(Won) 2,146,925	(Won) 2,296,203

**Table of Contents****9. ACCRUED SEVERANCE BENEFITS**

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate amounted to (Won)2,087 million and (Won)1,980 million as of June 30, 2006 and December 31, 2005, respectively.

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

	2006	2005
Beginning balance	(Won) 1,980	(Won) 1,230
Provision for severance benefits	376	967
Payment for severance benefits	(269)	(217)
Ending balance	(Won) 2,087	(Won) 1,980

The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of June 30, 2006 and December 31, 2005, the deposits, amounting to (Won)1,543 million and (Won)1,788 million, respectively, are presented as a deduction from accrued severance benefits.

**10. OTHER LIABILITIES**

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

	2006	2005
Accrued severance benefits (Note 9)	(Won) 2,087	(Won) 1,980
Deposits with employee retirement insurance trust (Note 9)	(1,543)	(1,788)
Other payables (Note 18)	441	784
Accrued expenses (Note 12)	12,132	16,806
Withholdings	265	434
	(Won) 13,382	(Won) 18,216

**11. SHAREHOLDERS EQUITY**

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

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

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

Date	Description	Number of shares issued	Paid-in capital	
			Capital stock	in excess of par value
2001.03.27	Establishment	727,458,609	(Won) 3,637,293	(Won)
2002.06.12	Issuance of new shares	36,000,000	180,000	58,645
In 2002	Exercise of warrants	4,356,188	21,781	
2002.12.31		767,814,797	3,839,074	58,645
In 2003	Exercise of warrants	7,690,113	38,451	(574)
2003.12.31		775,504,910	3,877,525	58,071
In 2004	Issuance of new shares	8,571,262	42,856	14,126
	Exercise of convertible bonds	12,379,386	61,897	12,118
2004.12.31		796,455,558	3,982,278	84,315
In 2005	Exercise of convertible bonds	9,559,782	47,799	24,710
	Acquisition of common shares of Woori CS			(24,537)
2005. 12.31		806,015,340	4,030,077	84,488
2006. 06.30		806,015,340	(Won) 4,030,077	(Won) 84,488

- (3) Pursuant to Article 53 of the Financial Holding Company Act, legal reserves are appropriated at no less than one tenth of net income until reaching an amount equal to the Company's contributed capital, whenever dividends are declared.
- (4) As of June 30, 2006 and December 31, 2005, the Company held 2,553 shares and 2,550 shares of treasury stock, respectively, amounting to (Won)18 million.
- (5) The changes in retained earnings from December 31, 2005 to June 30, 2006 are as follows (Korean won in millions):

	2006	
Balance - December 31, 2005	(Won)	1,653,536
Appropriations:		
Dividend	(322,405)	
Legal reserve	(168,822)	
Voluntary reserve	(1,160,000)	(1,651,227)
Decrease by using the equity method of accounting		(242)
Net income for the six months ended June 30, 2006		1,004,520

Balance - June 30, 2006

(Won) 1,006,587

## 12. 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)3,608 million and (Won)7,938 million of the stock-based payment as liabilities as of June 30, 2006 and December 31, 2005, respectively.

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

Settlement	Type A		Type B	
	Cash settlement		Cash settlement	
Exercise price	(Won)	11,921	(Won)	6,800
Exercisable period	During a three-year period beginning after December 4, 2005			
Initial granted number of rights	936,000 shares		624,000 shares	
Cancelled number of rights	216,000 shares		204,000 shares	
Exercised number of rights	389,000 shares		275,750 shares	
Exercisable number of rights	331,000 shares		144,250 shares	
Value per right	(Won)	6,037	(Won)	11,159
Stock-based compensation liabilities	(Won)	1,998 million	(Won)	1,610 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)2,897 million and the Company recorded the same amount as other receivables.

**13. INCOME TAX EXPENSE**

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

	Korean won	
Net income		(Won) 1,004,520
Non-temporary differences:		
Addition:		
Investment securities	190,674	
Gain on valuation of available-for-sale securities	391	
Stock compensation	1,010	
Entertainment expense in excess of tax limit	229	
Other	82	
	192,386	
Deduction:		
Dividend income	687,591	
Investment securities	242	
	687,833	(495,447)
Temporary differences:		
Addition:		
Long-term other receivables-prior year	3,192	
Unsettled expense	2,730	
Other	657	
	6,579	
Deduction:		
Long-term accrued expenses	4,329	

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Investment securities	472,272	
Other	3,735	
	480,336	(473,757)
Taxable income before donation adjustment		35,316
Donation expense in excess of tax limit		4
Tax loss carry forward from prior year		(35,320)
Taxable income		(Won)

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

	Jan. 1, 2006	Increase	Decrease	Jun. 30, 2006	Deferred tax assets (liabilities)
(Timing differences to be charged to income tax expense)					
Investment securities	(Won) (3,200,579)	(Won) (303,232)	(Won) 12,970	(Won) (3,516,781)	(Won) (*1)(38,751)
Accrued expenses	2,770	2,730	2,770	2,730	751
Accrued severance benefits	1,188	311	247	1,252	344
Employee retirement deposits	(1,188)	(311)	(247)	(1,252)	(344)
Depreciation	41	25	18	48	13
Accounts receivable	(6,090)		(3,192)	(2,898)	(797)
Dividend receivables	108	73		181	50
Long-term accrued expenses	7,937		4,329	3,608	992
	(Won) (3,195,813)	(Won) (300,404)	(Won) 16,895	(Won) (3,513,112)	(Won) (37,742)
(Timing differences to be charged to equity)					
Capital adjustments due to the equity method of accounting	(Won) (1,710,854)	(Won) (189,906)	(Won) 768	(Won) (1,901,528)	(Won) (*1)(35,648)
Gain on disposal of investments using the equity method		34,604		34,604	9,516
Gain on valuation of available-for-sale securities		(391)		(391)	(108)
	(Won) (1,710,854)	(Won) (155,693)	(Won) 768	(Won) (1,867,315)	(Won) (26,240)
Timing difference total	(Won) (4,906,667)	(Won) (456,097)	(Won) 17,663	(Won) (5,380,427)	(Won) (63,982)
Tax loss carry-forwards	(Won) 222,067	(Won)	(Won) 35,320	(Won) 186,747	(Won) 51,355

- (\*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) 25,288	(Won)	Dec. 31, 2006
2002	13,899	10,032	3,867	Dec. 31, 2007

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2003	48,398	48,398	Dec. 31, 2008
2004	22,414	22,414	Dec. 31, 2009
2005	112,068	112,068	Dec. 31, 2010
	(Won) 222,067	(Won) 35,320	(Won) 186,747

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(\*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.

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**Table of Contents****14. STATEMENTS OF CASH FLOWS**

For the six months ended June 30, 2006 and 2005, the significant transactions without cash flows are as follows (Korean won in millions):

Transactions	2006	2005
Changes in capital adjustments due to the equity method of accounting	(Won) 190,675	(Won) 29,043
Changes in retained earnings due to the equity method of accounting	(242)	(4,743)
Capital increase due to conversion of convertible bonds in foreign currencies		72,468
Increase in dividend receivables	74	10,357
Increase (decrease) in stock options	3,192	(92)
Increase in other payables		36

**15. GENERAL AND ADMINISTRATIVE EXPENSES**

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

	2006		2005	
	Three months	Six months	Three months	Six months
Salaries, wages and bonuses	(Won) 2,195	(Won) 4,762	(Won) 2,780	(Won) 5,345
Provision for severance				
benefits (Note 9)	106	376	296	561
Fringe benefits	176	368	181	367
Rent	582	1,153	571	1,144
Entertainment	138	303	60	113
Depreciation (Note 6)	16	52	23	70
Amortization (Note 6)	6	11	5	10
Taxes and dues	17	40	13	38
Advertising	4,897	5,532	1,256	1,382
Travel	55	100	66	100
Telecommunications	26	45	28	40
Service fees	580	1,116	558	1,167
Suppliers	25	43	19	33
Others	238	490	330	625
	(Won) 9,057	(Won) 14,391	(Won) 6,186	(Won) 10,995

**16. FINANCIAL INFORMATION OF SUBSIDIARIES**

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

	Total		
	Total assets	Total liabilities	shareholders equity
Woori Bank	(Won) 149,485,554	(Won) 139,353,947	(Won) 10,131,607
Kyongnam Bank	14,868,223	14,141,977	726,246
Kwangju Bank	12,375,971	11,792,502	583,469

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Woori Finance Information System	194,680	184,576	10,104
Woori F&I	272,290	161,421	110,869
Woori Third Asset Securitization Specialty	53,847	53,890	(43)
Woori Investment Securities	10,304,104	8,298,141	2,005,963
Woori CS	65,304	3,213	62,091
Woori PE	9,101	32	9,069
Total	(Won) 187,629,074	(Won) 173,989,699	(Won) 13,639,375

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

	Operating revenue	Operating expenses	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Woori Bank	(Won) 7,558,512	(Won) 6,580,147	(Won) 978,365	(Won) 1,116,347	(Won) 847,934
Kyongnam Bank	463,636	343,856	119,780	126,486	93,617
Kwangju Bank	364,959	291,614	73,345	75,020	55,186
Woori Finance Information System	118,460	114,122	4,338	4,352	3,028
Woori F&I	12,224	8,686	3,538	24,690	17,582
Woori Third Asset Securitization Specialty	6	80	(74)	(74)	(74)
Woori Investment Securities	1,255,933	1,102,700	153,233	200,020	135,732
Woori CS	15,531	6,289	9,242	9,267	6,576
Woori PE	154	903	(749)	(726)	(726)
	(Won) 9,789,415	(Won) 8,448,397	(Won) 1,341,018	(Won) 1,555,382	(Won) 1,158,855

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

## 1) Significant liabilities

	Deposits	Borrowings	Debentures	Total
Woori Finance Holdings	(Won) 2,146,925	(Won) 2,146,925	(Won) 2,146,925	(Won) 2,146,925
Woori Bank	94,644,620	11,571,818	21,817,954	128,034,392
Kyongnam Bank	10,762,197	1,869,248	889,017	13,520,462
Kwangju Bank	8,786,392	1,955,127	678,294	11,419,813
Woori Finance Information System		142,000		142,000
Woori F&I		151,400		151,400
Woori Investment Securities	2,688,175	2,545,114	149,832	5,383,121
Total	(Won) 116,881,384	(Won) 18,234,707	(Won) 25,682,022	(Won) 160,798,113

## 2) Significant assets

**Cash and due**

	from banks	Securities	Loans	Total
Woori Finance Holdings	(Won) 347,141	(Won) 12,276,581	(Won) 99,500	(Won) 12,723,222
Woori Bank	4,828,518	26,620,484	108,751,383	140,200,385
Kyongnam Bank	762,699	3,995,070	9,431,763	14,189,532
Kwangju Bank	672,947	3,394,935	7,928,962	11,996,844
Woori Finance Information System	5,557	512		6,069

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Woori F&I	40,181	92,967	123,841	256,989
Woori Third Asset Securitization				
Specialty	546	53,301		53,847
Woori Investment Securities	1,714,618	6,050,244	1,530,466	9,295,328
Woori CS	39,817	10,347	498	50,662
Woori PE	8,427	9		8,436
	(Won) 8,420,451	(Won) 52,494,450	(Won) 127,866,413	(Won) 188,781,314

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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 June 30, 2006 are summarized as follows (Korean won in millions):

	Loans subject to allowance for possible loan losses		Percentage of allowance to loans (%)
	(Won)	Allowance (Won)	
Woori Bank	110,114,397	1,363,014	1.24
Kyongnam Bank	9,545,774	114,011	1.19
Kwangju Bank	8,019,624	90,662	1.13
Woori F&I	124,463	622	0.50
Woori Investment Securities	1,675,260	144,794	8.64
Woori CS	501	3	0.60
<b>Total</b>	<b>(Won) 129,480,019</b>	<b>(Won) 1,713,106</b>	<b>1.32</b>

**17. 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 six months ended June 30, 2006 are as follows (Korean won in millions):

	2006	Ratio (%)
Woori Bank	(Won) 849,164	79.3
Kyongnam Bank	93,653	8.8
Kwangju Bank	62,060	5.8
Woori Finance Information System	3,485	0.3
Woori F&I	17,530	1.7
Woori Third Asset Securitization Specialty	(74)	
Woori Investment Securities	38,577	3.6
Woori CS	6,823	0.6
Woori PE	(726)	(0.1)
Gain on valuation using the equity method of accounting	1,070,492	100.0
Other income	8,094	
Other expenses	74,066	
<b>Net income</b>	<b>(Won) 1,004,520</b>	

**Table of Contents****18. TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES**

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

	2006	2005	
<b>&lt;Assets&gt;</b>			
Woori Bank	(Won) 186,125	(Won) 83,439	Cash and bank deposits
	4,153	4,153	Guarantee deposits
	2,249	4,305	Other receivables
	257	102	Accrued income
Kyongnam Bank	90,547	10,321	Cash and bank deposits
	95	10	Accrued income
Kwangju Bank	70,469	10,311	Cash and bank deposits
	31	6	Accrued income
Woori Finance Information System	30,000	30,000	Loans
	151	363	Other receivables
	316	316	Accrued income
Woori F&I	70,000	80,000	Loans
		496	Accrued income
Woori Credit Information	335	721	Other receivables
Woori SB	163	385	Other receivables
Woori CS		315	Other receivables
Principal guaranteed trust accounts of Woori Bank			Deposits with employee retirement trust
	1,543	1,788	
	(Won) 456,434	(Won) 227,031	
<b>&lt;Liabilities&gt;</b>			
Woori Bank	(Won) 82	(Won) 135	Other payables
	(Won) 82	(Won) 135	

(2) Transactions with the subsidiaries for the six-month periods ended June 30, 2006 and 2005 are as follows:

	2006	2005	Account
<b>&lt;Revenues&gt;</b>			
Woori Bank	(Won) 2,749	(Won) 596	Interest income on deposits
Kyongnam Bank	707	208	Interest income on deposits
Kwangju Bank	532	190	Interest income on deposits
		1,116	Interest income on loans
Woori Finance Information System	937	887	Interest income on loans
Woori F&I	2,836	4,183	Interest income on loans
Woori Third Asset Securitization Specialty		693	Interest income on loans
Principal guaranteed trust accounts of Woori Bank	3	6	Interest income on deposits
	(Won) 7,764	(Won) 7,879	
<b>&lt;Expenses&gt;</b>			
Woori Bank	(Won)	(Won) 2,185	Loss on valuation of swap contracts

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	781	781	Rent
	350	350	Other administrative expenses
Woori Finance Information System	873	319	Service fees
		976	Other administrative expenses
	(Won) 2,004	(Won) 4,611	

- (3) The Company compensated key management personnel for (Won)1,518 million of salaries and (Won)228 million of provision for severance benefits for the six months ended June 30, 2006.

**Table of Contents****19. EARNINGS PER COMMON SHARE**

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

	2006				2005			
	Three months		Six months		Three months		Six months	
Net income on common shares	(Won)	564,413	(Won)	1,004,520	(Won)	464,832	(Won)	826,856
Extraordinary gain								
Income tax effect on extraordinary gain								
Ordinary income on common shares	(Won)	564,413	(Won)	1,004,520	(Won)	464,832	(Won)	826,856
Weighted average number of common shares outstanding		806,012,787		806,012,789		806,012,793		802,704,229
Basic ordinary income per common shares	(Won)	700	(Won)	1,246	(Won)	577	(Won)	1,030
Basic net income per common shares	(Won)	700	(Won)	1,246	(Won)	577	(Won)	1,030

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

	2005			
	Three months		Six months	
Diluted net income on common shares	(Won)	464,832	(Won)	827,231
Extraordinary gain				
Income tax effect on extraordinary gain				
Diluted ordinary income on common shares	(Won)	464,832	(Won)	827,231
Weighted average number of common and dilutive common shares outstanding		806,361,063		806,184,907
Diluted ordinary income per common shares	(Won)	576	(Won)	1,026
Diluted net income per common shares	(Won)	576	(Won)	1,026

- (3) 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.



(4) Basic net income per common share for the three months ended March 31, 2006 is (Won)546.

**20. INSURANCE**

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

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**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.

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**SIGNATURES**

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

Woori Finance Holdings Co., Ltd.  
(Registrant)

Date: August 11, 2006

By: /s/ Youngsun Kim  
(Signature)  
Name: Youngsun Kim  
Title: Director