

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

September 03, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of September 2004

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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

Yes _____ No X

WOORI FINANCE HOLDINGS CO., LTD.

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

Independent Accountants Review Report

To the Board of Directors and Shareholders of

Woori Finance Holdings Co., Ltd.

We have reviewed the accompanying consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) and its subsidiaries as of June 30, 2004 and the related consolidated statements of income and cash flows for the three-month and six-month periods ended June 30, 2004 and 2003, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

Based on our reviews, nothing has come to our attention that causes us to believe that such consolidated interim financial statements are not presented fairly, in all material respects, in accordance with the financial accounting standards and accounting standards for consolidated financial statements in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2003 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein) and in our report dated February 17, 2004, we expressed an unqualified opinion on those consolidated financial statements. The accompanying consolidated balance sheet as of December 31, 2003 comparatively presented herein does not differ, in material respects, from such audited consolidated balance sheet.

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

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

As explained in Notes 1 and 29 to the accompanying consolidated interim financial statements, Woori Bank, a subsidiary of the Company, merged with Woori Credit Card Co., Ltd. (WCC), a subsidiary of the Company, on March 31, 2004. Woori Bank took over substantially all of the assets and liabilities of WCC by exchanging one common share of WCC with 0.3581 share of Woori Bank and (Won) 330.3 billion (US\$ 286.6 million) of the difference between (Won) 657.2 billion (US\$ 570.2 million) of net assets acquired from WCC and (Won) 326.9 billion (US\$ 283.6 million) of consideration for the merger was recorded as capital surplus of Woori Bank. As a result, the number of issued common shares of Woori Bank increased from 570.6 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,475.3 million) to (Won) 3,179.8 billion (US\$ 2,759.0 million) as of June 30, 2004.

As explained in Notes 1 and 30 to the accompanying consolidated interim financial statements, on June 18, 2004 the Company issued 8.6 million new common shares and exchanged them for 15.6 million common shares of Woori Securities, a subsidiary of the Company, in order to wholly own the subsidiary. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,364.4 million) to (Won) 3,920.4 billion (US\$ 3,401.6 million) as of June 30, 2004.

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

July 29, 2004

Notice to Readers

This report is effective as of July 29, 2004, the accountants' review report date. Certain subsequent events or circumstances may have occurred between this review report date and the time the review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

(See Independent Accountants' Review Report.)

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

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

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

See accompanying notes to consolidated interim financial statements.

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)			
OPERATING REVENUE								
INTEREST INCOME (Note 23):								
Interest on due from banks	(Won) 6,015	(Won) 14,836	(Won) 11,848	(Won) 22,799	US\$ 5,219	US\$ 12,873	US\$ 10,280	US\$ 19,782
Interest and dividends on trading securities	33,061	66,536	37,309	73,937	28,686	57,732	32,372	64,154
Interest and dividends on available-for-sale securities	54,958	268,527	521,855	713,621	47,686	232,995	452,803	619,194
Interest and dividends on held-to-maturity securities	275,710	465,430	102,946	426,816	239,228	403,844	89,324	370,339
Interest on loans	1,343,350	2,728,950	1,314,875	2,526,116	1,165,597	2,367,852	1,140,889	2,191,858
Other	19,596	35,484	26,075	47,169	17,003	30,790	22,626	40,927
	1,732,690	3,579,763	2,014,908	3,810,458	1,503,419	3,106,086	1,748,294	3,306,254
FEE INCOME (Note 23):								
Commissions	162,960	315,050	156,851	304,223	141,397	273,362	136,096	263,968
Commissions received on credit cards	159,939	241,887	127,310	285,765	138,776	209,880	110,464	247,952
Guarantee fees	15,477	23,108	5,960	12,009	13,429	20,050	5,171	10,420
Other	6,447	11,940	7,047	11,990	5,594	10,361	6,115	10,404

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344,823	591,985	297,168	613,987	299,196	513,653	257,846	532,744
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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)											
	2004		2003		2004		2003									
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30								
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)											
OTHER OPERATING REVENUE (Note 23):																
Gain on trading securities	(Won)	22,521	(Won)	74,848	(Won)	41,412	(Won)	67,380	US\$	19,541	US\$	64,944	US\$	35,932	US\$	58,464
Gain on redemption of available-for-sale securities		24,172		44,288		22,436		29,148		20,974		38,428		19,467		25,291
Gain on securitized assets		324		2,257		5,055		12,581		281		1,958		4,386		10,916
Gain on foreign exchange		99,924		369,480		93,635		203,490		86,702		320,590		81,245		176,564
Gain on derivatives		506,911		1,177,317		154,533		390,482		439,836		1,021,533		134,085		338,813
Trust management fees		11,123		22,307		12,733		28,769		9,651		19,355		11,048		24,962
Reversal of allowance for possible losses		13,806		83,174		2,516		67,962		11,979		72,168		2,183		58,969
Other		1,061		2,658		20,803		28,454		920		2,307		18,051		24,690
		679,842		1,776,329		353,123		828,266		589,884		1,541,283		306,397		718,669
		2,757,355		5,948,077		2,665,199		5,252,711		2,392,499		5,161,022		2,312,537		4,557,667
OPERATING EXPENSES																
INTEREST EXPENSE (Note 23):																

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

(continued)

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)			
OTHER OPERATING EXPENSES (Note 23):								
Commissions	(Won) (44,087)	(Won) (104,489)	(Won) (64,684)	(Won) (127,932)	US\$ (38,253)	US\$ (90,663)	US\$ (56,125)	US\$ (111,004)
Loss on trading securities	(45,036)	(52,567)	(480)	(40,456)	(39,077)	(45,611)	(416)	(35,103)
Loss on redemption of available-for-sale securities	(644)	(677)	(22,845)	(25,352)	(559)	(587)	(19,822)	(21,997)
Loss on foreign exchange	(124,525)	(358,672)	(84,935)	(167,818)	(108,048)	(311,212)	(73,696)	(145,612)
Loss on derivatives	(452,088)	(1,123,917)	(124,615)	(353,786)	(392,267)	(975,199)	(108,126)	(306,973)
Subsidy for trust accounts adjustment	(947)	(947)			(822)	(822)		
Loss on securitized assets		(425)				(369)		
Provision for possible losses	(222,641)	(1,034,930)	(718,078)	(1,234,435)	(193,181)	(897,987)	(623,061)	(1,071,093)
Salaries, employee benefits and provision for severance benefits	(283,723)	(586,969)	(280,089)	(560,503)	(246,180)	(509,301)	(243,027)	(486,337)
Rent	(12,776)	(35,906)	(19,682)	(39,671)	(11,085)	(31,155)	(17,078)	(34,422)
Expenditure for business purpose	(10,394)	(13,333)	(2,373)	(5,480)	(9,019)	(11,569)	(2,059)	(4,755)
Depreciation and amortization	(55,967)	(106,508)	(49,843)	(94,905)	(48,561)	(92,415)	(43,248)	(82,347)
Taxes and dues	(20,194)	(52,419)	(20,235)	(37,624)	(17,522)	(45,483)	(17,557)	(32,646)
Advertising	(9,974)	(18,791)	(12,931)	(22,654)	(8,654)	(16,305)	(11,220)	(19,656)
Telecommunications	(13,330)	(24,865)	(11,186)	(21,405)	(11,566)	(21,575)	(9,706)	(18,573)
Service fees	(21,394)	(41,651)	(21,874)	(43,656)	(18,563)	(36,140)	(18,980)	(37,879)

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IT operating expenses	(30,080)	(48,758)	(14,285)	(17,958)	(26,100)	(42,306)	(12,395)	(15,582)
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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)			
Director compensation (Note 18)	(Won) (346)	(Won) (697)	(Won) (480)	(Won) (886)	US\$ (300)	US\$ (605)	US\$ (416)	US\$ (700)
Other administrative expenses	(18,899)	(53,168)	(35,726)	(70,533)	(16,398)	(46,132)	(30,999)	(61,200)
Other expense	(66,195)	(127,722)	(60,651)	(119,843)	(57,437)	(110,821)	(52,626)	(103,900)
	(1,433,240)	(3,787,411)	(1,544,992)	(2,984,897)	(1,243,592)	(3,286,257)	(1,340,557)	(2,589,900)
	(2,346,747)	(5,630,793)	(2,520,064)	(4,929,824)	(2,036,223)	(4,885,721)	(2,186,607)	(4,277,500)
OPERATING INCOME	410,608	317,284	145,135	322,887	356,276	275,301	125,930	280,100
NON-OPERATING INCOME (Note 19)	128,293	183,492	304,361	489,062	111,317	159,212	264,088	424,300
NON-OPERATING EXPENSES (Note 19)	(108,123)	(213,441)	(59,599)	(199,267)	(93,816)	(185,198)	(51,713)	(172,900)
ORDINARY INCOME	430,778	287,335	389,897	612,682	373,777	249,315	338,305	531,600
EXTRAORDINARY GAINS (LOSSES)								
INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS	430,778	287,335	389,897	612,682	373,777	249,315	338,305	531,600
	(103,830)	(115,093)	(72,851)	(121,814)	(90,091)	(99,864)	(63,211)	(105,600)

COME TAX
PENSE (Note 20)

COME BEFORE MINORITY INTERESTS	326,948	172,242	317,046	490,868	283,686	149,451	275,094	425,9
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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions, except for income per common share data)				(In thousands, except for income per common share data)			
MINORITY INTERESTS, NET	(Won) 3,387	(Won) 2,067	(Won) (1,223)	(Won) 6,174	US\$ 2,939	US\$ 1,793	US\$ (1,061)	US\$ 5,357
NET INCOME	(Won) 330,335	(Won) 174,309	(Won) 315,823	(Won) 497,042	US\$ 286,625	US\$ 151,244	US\$ 274,033	US\$ 431,273
BASIC ORDINARY INCOME PER COMMON SHARE (Note 21)	(Won) 425	(Won) 225	(Won) 411	(Won) 647	US\$ 0.369	US\$ 0.195	US\$ 0.357	US\$ 0.561
BASIC NET INCOME PER COMMON SHARE (Note 21)	(Won) 425	(Won) 225	(Won) 411	(Won) 647	US\$ 0.369	US\$ 0.195	US\$ 0.357	US\$ 0.561
DILUTED ORDINARY INCOME PER COMMON SHARE (Note 21)	(Won) 416	(Won) 222	(Won) 397	(Won) 636	US\$ 0.361	US\$ 0.193	US\$ 0.344	US\$ 0.552
DILUTED NET INCOME PER COMMON	(Won) 416	(Won) 222	(Won) 397	(Won) 636	US\$ 0.361	US\$ 0.193	US\$ 0.344	US\$ 0.552

SHARE (Note
21)



See accompanying notes to consolidated interim financial statements.

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions)				(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income	(Won) 330,335	(Won) 174,309	(Won) 315,823	(Won) 497,042	US\$ 286,625	US\$ 151,244	US\$ 274,033	US\$ 431,273
Adjustments to reconcile net income to net cash provided by operating activities:								
Loss on trading securities	45,036	52,567	480	40,456	39,077	45,611	416	35,103
Loss on redemption of available-for-sale securities	644	677	22,845	25,352	559	587	19,822	21,997
Loss on derivatives	452,088	1,123,917	124,615	353,786	392,267	975,199	108,126	306,973
Provision for possible losses	222,641	1,034,930	718,078	1,234,435	193,181	897,987	623,061	1,071,093
Interest expense (without cash outflows)	720	1,554	693	730	626	1,349	602	633
Provision for severance benefits	20,497	47,072	20,155	48,317	17,785	40,843	17,488	41,924
Depreciation and amortization	55,967	106,508	49,843	94,905	48,561	92,415	43,248	82,347
Stock	346	697	480	886	300	605	416	769

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

(continued)

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)							
	2004		2003		2004		2003					
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30				
	(In millions)				(In thousands)							
Loss on sale of loans	(Won)	(Won)	(Won)	7,507	(Won)	38,719	US\$	US\$	US\$	6,514	US\$	33,596
Loss on valuation of investment in funds						1,250						1,085
Loss on impairment of intangible assets						37,052						32,149
Minority interests gain				1,223						1,061		
Gain on trading securities	(22,521)	(74,848)	(41,412)	(67,380)	(19,541)	(64,944)	(35,932)	(58,464)				
Gain on redemption of available-for-sale securities	(24,172)	(44,288)	(22,436)	(29,148)	(20,974)	(38,428)	(19,467)	(25,291)				
Gain on derivatives	(506,911)	(1,177,317)	(154,533)	(390,482)	(439,836)	(1,021,533)	(134,085)	(338,813)				
Reversal of allowance for possible losses	(13,806)	(83,174)	(2,516)	(67,962)	(11,979)	(72,168)	(2,183)	(58,969)				
Gain on disposal of tangible assets	(17,462)	(17,534)	(5,461)	(15,370)	(15,151)	(15,214)	(4,738)	(13,336)				
Gain on valuation using the equity method of accounting		(6,299)	(15,176)	(20,973)		(5,466)	(13,168)	(18,198)				
Gain on disposal of available-for-sale securities	(62,313)	(72,647)	(30,380)	(56,525)	(54,068)	(63,034)	(26,360)	(49,046)				
Reversal of loss on impairment of		(9,461)	(159,870)	(230,931)		(8,209)	(138,716)	(200,374)				

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available-for-sale
securities

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

(continued)

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)				
	2004		2003		2004		2003		
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	
	(In millions)				(In thousands)				
Changes in operating assets and liabilities:									
Decrease in present value discounts	(Won) (25,394)	(Won) (33,296)	(Won) (15,767)	(Won) (49,815)	US\$ (22,034)	US\$ (28,890)	US\$ (13,681)	US\$ (43,223)	
Decrease (increase) in guarantee deposits	608	(7,178)	174,028	158,115	528	(6,228)	151,000	137,193	
Increase in other accounts receivable	(1,204,908)	(946,257)	(206,619)	(290,467)	(1,045,473)	(821,047)	(179,279)	(252,032)	
Decrease (increase) in accrued income	20,943	196,974	23,247	(114,653)	18,172	170,910	20,171	(99,482)	
Decrease in prepaid expenses	29,200	4,319	37,066	9,085	25,336	3,748	32,161	7,883	
Decrease in deferred income tax assets	98,880	107,561	62,310	107,741	85,796	93,328	54,065	93,485	
Decrease (increase) in accounts receivable on disposal of assets	1,245	1,245	1,407	(10,670)	1,080	1,080	1,221	(9,258)	

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

(continued)

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions)				(In thousands)			
Decrease in								
allowance								
for possible								
losses on								
confirmed								
acceptances								
and								
guarantees	(Won)	(Won)	(Won)	(Won)	(6,356) US\$	US\$	US\$	US\$ (5,515)
Increase								
(decrease) in								
other								
allowances	1,773	67,068	(196,056)	(247,972)	1,538	58,193	(170,114)	(215,160)
Decrease in								
foreign								
exchange								
remittance								
pending	(69,078)	(151,584)	(103,549)	(91,790)	(59,938)	(131,526)	(89,847)	(79,644)
Increase in								
domestic								
exchange								
remittance								
pending	372,604	248,460	478,422	654,653	323,301	215,584	415,117	568,029
Decrease in								
borrowings								
from trust								
accounts	(542,180)	(1,422,006)	(29,814)	(64,200)	(470,438)	(1,233,845)	(25,869)	(55,705)
	1,378,489	1,320,256	(149,274)	(8,827)	1,196,086	1,145,558	(129,522)	(7,659)

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

(continued)

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30	Three months ended June 30	Six months ended June 30
	(In millions)				(In thousands)			
increase (decrease) in other liabilities	(Won) (98,008)	(Won) (30,765)	(Won) 152,586	(Won) 136,412	US\$ (85,039)	US\$ (26,694)	US\$ 132,397	US\$ 118,300
	(458,199)	(793,338)	(779,248)	330,887	(397,570)	(688,363)	(676,137)	287,100
cash provided by operating activities	111,569	372,817	44,430	1,814,127	96,807	323,486	38,551	1,574,000
CASH FLOWS FROM INVESTING ACTIVITIES:								
increase in investing securities	(54,970)	(1,150,847)	(360,794)	(594,596)	(47,696)	(998,566)	(313,053)	(515,900)
decrease in available-for-sale securities	1,521,788	770,898	2,899,487	631,382	1,320,423	668,892	2,515,824	547,800
decrease (increase) in short-term-to-maturity securities	83,776	460,328	143,351	(177,054)	72,691	399,417	124,383	(153,600)
decrease (increase) in securities accounted for using the equity method of accounting	52,319	54,725	6,549	(2,402)	45,396	47,484	5,682	(2,000)
increase in loans	(2,780,107)	(3,853,212)	(4,188,240)	(9,044,090)	(2,412,240)	(3,343,351)	(3,634,048)	(7,847,300)
decrease (increase) in tangible assets	37,003	(25,304)	(48,349)	37,039	32,107	(21,956)	(41,951)	32,100
increase in intangible assets	(35,586)	(59,578)	(29,181)	(44,555)	(30,877)	(51,695)	(25,320)	(38,600)

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

(continued)

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WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

	Korean won				US dollars (Note 2)			
	2004		2003		2004		2003	
	Three months ended	Six months ended	Three months ended	Six months ended	Three months ended	Six months ended	Three months ended	Six months ended
	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	(In millions)				(In thousands)			
CASH FLOWS FROM FINANCING ACTIVITIES:								
Net increase in deposits	(Won) 1,875,769	(Won) 2,362,613	(Won) 3,418,446	(Won) 6,669,626	US\$ 1,627,565	US\$ 2,049,990	US\$ 2,966,114	US\$ 5,787,094
Net decrease in borrowings	(1,112,456)	(533,762)	(450,056)	(235,667)	(965,255)	(463,134)	(390,504)	(204,488)
Net increase (decrease) in investments in local currency	962,651	1,205,367	(976,251)	(555,265)	835,272	1,045,872	(847,072)	(481,792)
Net increase (decrease) in investments in foreign currencies	(102,136)	95,440	110,835	685,768	(88,621)	82,811	96,169	595,024
Issuance of new shares			38,445	38,451			33,358	33,362
Payment of dividends	(77,550)	(77,550)		(57,261)	(67,289)	(67,289)		(49,688)
Share issuance cost	(16)	(16)	(29)	(30)	(14)	(14)	(25)	(25)
Net increase in discount on stock issuance		(3,849)	(11)	(971)		(3,340)	(10)	(844)
Acquisition of treasury stocks by a subsidiary	(39,702)	(44,781)	(2,081)	(4,245)	(34,448)	(38,856)	(1,806)	(3,688)
Net decrease in minority interests	(5,190)	(17,764)	(6,124)	(7,227)	(4,503)	(15,413)	(5,314)	(6,272)
Net cash provided by financing activities	1,501,370	2,985,698	2,133,174	6,533,179	1,302,707	2,590,627	1,850,910	5,668,700

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CHANGES IN CONSOLIDATED ENTITIES			(14)	(14)			(12)	(12)
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	502,780	(292,281)	604,394	(848,454)	436,252	(253,606)	524,420	(736,180)
CASH AND DUE FROM BANKS, BEGINNING OF THE PERIOD	5,676,794	6,471,855	5,116,004	6,568,852	4,925,634	5,615,492	4,439,049	5,699,650
CASH AND DUE FROM BANKS, END OF THE PERIOD	(Won) 6,179,574	(Won) 6,179,574	(Won) 5,720,398	(Won) 5,720,398	US\$ 5,361,886	US\$ 5,361,886	US\$ 4,963,469	US\$ 4,963,469

See accompanying notes to consolidated interim financial statements.

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

1. GENERAL

(1) Woori Finance Holdings Co., Ltd.

Woori Finance Holdings Co., Ltd. (the "Company") was incorporated on March 27, 2001, to engage in the business of managing the following five financial institutions, Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea; and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the "KDIC") in accordance with the provisions of the Financial Holding Company Act. In accordance with its functional restructuring, the Company established or acquired seven more subsidiaries, and has four 2nd-tier subsidiaries. Upon incorporation, the Company's common stock amounted to (Won)3,637,293 million (US\$ 3,156,003 thousand), consisting of 727,458,609 common shares ((Won)5,000 per share) issued and outstanding. As a result of several capital increases and exercise of warrants since incorporation, the Company's common stock amounts to (Won)3,920,381 million (US\$3,401,632 thousand), consisting of 784,076,172 common shares issued and outstanding as of June 30, 2004.

On June 24, 2002, the Company listed its common shares on the Korea Stock Exchange through a public offering at a price of (Won)6,800 per share with 36,000,000 new shares and 54,000,000 issued shares. The KDIC owned 673,458,609 shares of the Company's common shares as of June 30, 2004.

The Company registered its securities with the Securities and Exchange Commission in the United States of America and listed its American Depositary Shares on the New York Stock Exchange on September 29, 2003.

(2) Consolidated subsidiaries

1) General information pertaining to the Company's consolidated subsidiaries as of June 30, 2004 does not differ materially from that as of December 31, 2003 except for set forth below:

a. Woori Bank, a subsidiary of the Company, merged with WCC, a subsidiary of the Company, on March 31, 2004. Woori Bank issued 0.3581 new common shares per one common share of WCC. Accordingly, the number of issued common shares of Woori Bank increased from 571 million to 636 million and contributed capital of Woori Bank increased from (Won)2,852.8 billion (US\$2,475.3 million) to (Won)3,179.8 billion (US\$2,759.0 million).

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- b. For the three-month period ended March 31, 2004, Woori Bank acquired 231 common shares of PT. Bank Woori Indonesia which represents a 13.6% ownership interest in the 2nd-tier subsidiary of the Company.
- c. For the three-month period ended June 30, 2004, the Company acquired 15,584,113 common shares of Woori Securities Co., Ltd. which represents a 47.3% ownership interest in the subsidiary of the Company (Note 30).
- 2) The summary of subsidiaries as of June 30, 2004 is as follows:

<u>Parent companies</u>	<u>Subsidiaries</u>	<u>Number of shares owned</u>	<u>Percentage of owner- ship (%)</u>	<u>Fiscal year end</u>	
Woori Finance Holdings Co., Ltd.	Woori Bank	635,956,580	100.0	December 31	
	Kyongnam Bank	51,800,000	99.9	December 31	
	Kwangju Bank	34,080,000	99.9	December 31	
	Woori Finance Information System Co., Ltd. (WFIS)	900,000	100.0	December 31	
	Woori F&I Co., Ltd. (WF&I)	2,000,000	100.0	December 31	
	Woori Second Asset Securitization Specialty Co., Ltd. (WASS2)	1,900	95.0	December 31	
	Woori Third Asset Securitization Specialty Co., Ltd. (WASS3)	2,000	100.0	December 31	
	Woori Investment Trust Management Co., Ltd. (WITM)	6,000,000	100.0	March 31	
	Woori Securities Co., Ltd. (Woori Securities)	32,956,413	100.0	March 31	
	Woori Bank	Woori Credit Information Co., Ltd. (WCI)	1,008,000	100.0	December 31
		Woori America Bank (WAB)	8,500,000	100.0	December 31
	Woori F&I Co., Ltd.	PT. Bank Woori Indonesia (BWI)	1,618	95.2	December 31
		Woori CA Asset Management Co., Ltd. (WCAAMC)	408,000	51.0	December 31

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Financial Statement Presentation

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

The US dollar amounts presented in these consolidated interim financial statements were computed by translating Korean won into US dollars at the rate of (Won)1,152.5 to US\$1.00, the Base Rate announced by Seoul Money Brokerage Service, Ltd. at June 30, 2004, solely for the convenience of the readers outside of the Republic of Korea. This convenience translation into US dollar should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The accounting policies, which have been adopted in preparing the accompanying consolidated interim financial statements, are not different materially from those used in preparing the consolidated financial statements for the year ended December 31, 2003, except for set forth below.

a. Restructuring of receivables and payables

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

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

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

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3. RESTRICTED DUE FROM BANKS

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

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

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

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

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

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4. TRADING SECURITIES

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

	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
<In local currency>				
Equity securities	(Won) 71,662	(Won) 108,091	US\$ 62,180	US\$ 93,788
Government bonds	1,004,299	684,432	871,409	593,867
Financial debentures	954,636	626,851	828,318	543,905
Corporate bonds	454,693	580,765	394,528	503,918
Beneficiary certificates	635,213	600,471	551,161	521,016
Others	758,419	103,017	658,063	89,386
Sub total	3,878,922	2,703,627	3,365,659	2,345,880
Trading securities in foreign currencies	22,049	24,216	19,131	21,012
Total	(Won) 3,900,971	(Won) 2,727,843	US\$ 3,384,790	US\$ 2,366,892

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

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

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

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

5. AVAILABLE-FOR-SALE SECURITIES

(1) Available-for-sale securities as of June 30, 2004 and December 31, 2003 are as follows:

	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
<In local currency>				
Equity securities	(Won) 1,622,757	(Won) 1,149,975	US\$ 1,408,032	US\$ 997,809
Capital contributions	23,149	58,905	20,086	51,111
Government bonds	686,232	728,525	595,429	632,126
Financial debentures	4,933,122	4,626,482	4,280,366	4,014,301
Corporate bonds	3,518,668	4,004,416	3,053,074	3,474,548
Beneficiary certificates	1,575,892	2,097,998	1,367,368	1,820,389
Other	60,539	140,317	52,529	121,749
Sub total	12,420,359	12,806,618	10,776,884	11,112,033
<In foreign currencies>				
Bonds	1,530,774	1,330,563	1,328,220	1,154,502
Equity securities	4,637	7,297	4,024	6,331
Sub total	1,535,411	1,337,860	1,332,244	1,160,833

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Total	(Won) 13,955,770	(Won) 14,144,478	US\$ 12,109,128	US\$ 12,272,866
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(2) Details of available-for-sale securities as of June 30, 2004 are as follows (Unit: Korean won in millions):

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

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

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

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Sub total	416,004	447,605	7,353	366,991
Capital contributions	37,499	62,652	21,406	58,905
	Acquisition	Amortized	Gain (loss)	
	Face value	cost	cost	on valuation
	Book value			
Bonds				
Government bonds	721,846	733,431	729,124	(599)
Financial debentures	4,778,739	4,631,486	4,661,592	(35,110)
Corporate bonds	4,331,049	4,229,712	4,034,052	(29,636)
Sub total	9,831,634	9,594,629	9,424,768	(65,345)
Beneficiary certificates		2,094,161		3,837
Others		140,365		(48)
<In foreign currencies>				
Bonds	1,366,521	1,332,061	1,306,601	23,962
Equity securities		39,957		(32,660)
Total	(Won) 11,198,155	(Won) 14,403,739	(Won) 12,024,610	(Won) (7,574)

6. HELD-TO-MATURITY SECURITIES

(1) Held-to-maturity securities as of June 30, 2004 and December 31, 2003 are as follows:

	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Government bonds	(Won) 2,246,278	(Won) 1,728,484	US\$ 1,949,048	US\$ 1,499,769
Financial debentures	895,775	1,067,045	777,245	925,852
Corporate bonds	6,019,582	6,830,143	5,223,065	5,926,371
Bonds in foreign currencies	284,118	263,061	246,523	228,253
Loaned securities	54,442	103,181	47,238	89,529
Other	8,100		7,029	
Total	(Won) 9,508,295	(Won) 9,991,914	US\$ 8,250,148	US\$ 8,669,774

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

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

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

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

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Total	(Won) 10,211,296	(Won) 10,067,331	(Won) 9,991,914	(Won) 10,319,588
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7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

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

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

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

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

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

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

8. LOSS ON IMPAIRMENT OF SECURITIES AND RECOVERY OF IMPAIRMENT

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

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

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

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

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

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

9. LOANS AND ALLOWANCE FOR POSSIBLE LOAN LOSSES

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

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

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Privately placed bonds	476,953	586,257	413,842	508,683
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Accounts	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Loans to be converted to equity securities	(Won) 36,628	(Won) 31,232	US\$ 31,781	US\$ 27,099
Financing leases	152,326	189,788	132,170	164,675
Others	34,714	139,269	30,120	120,840
Sub-total	91,053,992	88,341,674	79,005,633	76,652,211
Allowance for possible loan losses	(2,135,159)	(2,264,377)	(1,852,633)	(1,964,752)
Total	(Won) 88,918,833	(Won) 86,077,297	US\$ 77,153,000	US\$ 74,687,459

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

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

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

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

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(-) Call loans	(15,359)
(-) Purchased bonds under resale agreements	(806)
(+) Suspense receivable as credit	171
(+) Receivables related to non performing bills bought	120
	<hr/>
total	(26,789)
	<hr/>
The loans subject to allowance for the possible loan losses	(Won) 883,751
	<hr/>

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(4) Allowances for possible loan losses as of June 30, 2004 and December 31, 2003 are as follows (Unit: Korean won in millions):

	<u>Jun. 30, 2004</u>	<u>Dec. 31, 2003</u>
Loans in local currency	(Won) 1,272,142	(Won) 1,179,109
Loans in foreign currencies	188,338	235,065
Bills bought in local currency	61,154	112
Bills bought in foreign currencies	93,338	131,362
Advances for customers on guarantees	19,538	50,452
Credit card accounts	311,826	391,919
Privately placed bonds	4,258	45,397
Loans to be converted to equity securities	17,013	185
Financing leases	1,863	2,459
	<u>1,969,470</u>	<u>2,036,060</u>
Others	165,689	213,388
Total	<u>(Won) 2,135,159</u>	<u>(Won) 2,249,448 (*1)</u>

(*1) Present value discount is excluded.

(5) Allowances for possible loan losses compared to the loans subject to allowance for possible loan losses as of June 30, 2004, December 31, 2003 and December 31, 2002 are as follows (Unit: Korean won in 100 millions):

	<u>Loans subject to allowance for possible loan losses</u>	<u>Allowance</u>	<u>Ratio (%)</u>
Jun. 30, 2004	(Won) 883,751	(Won) 21,352	2.42
Dec. 31, 2003	872,897	22,494 (*1)	2.58
Dec. 31, 2002	757,433	27,125 (*1)	3.58

(*1) Present value discount is excluded.

(6) The details of disposal of loans during the six-month period ended June 30, 2004 are as follows (Unit: Korean won in 100 millions):

<u>Seller</u>	<u>Buyers</u>	<u>Date</u>	<u>Nominal amount</u>	<u>Net book value</u>	<u>Consideration</u>	<u>Gain on sales of loans (*1)</u>
Woori Bank & Kwangju Bank	Korea Asset Management Corporation	Mar.31 & Jun. 29	(Won) 3,171	(Won) 1,830	(Won) 2,047	(Won) 217
Woori Bank	Woori SB First Asset Securitization Specialty	Mar. 31	2,955	1,816	2,060	244
	Lippo Securities Ltd.		438	355	383	28

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	Feb. 6 & Feb.10			
Total	(Won) 6,564	(Won) 4,001	(Won) 4,490	(Won) 489

(*1) Adjusted in allowance for possible loan losses

10. FIXED ASSETS

(1) Tangible assets as of June 30, 2004 are as follows:

	Korean won			US dollars (Note 2)		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
	(In millions)			(In thousands)		
Land	(Won) 1,198,5000	(Won)	(Won) 1,198,500	US\$ 1,039,913	US\$	US\$ 1,039,913
Buildings	895,596	181,709	713,887	777,090	157,665	619,425
Structures in leased office	129,018	88,173	40,845	111,946	76,506	35,440
Equipment and furniture	487,641	270,918	216,723	423,116	235,070	188,046
Construction in process	3,641		3,641	3,159		3,159
Others	268,722	245,574	23,148	233,165	213,079	20,086
Total	(Won) 2,983,118	(Won) 786,374	(Won) 2,196,744	US\$ 2,588,389	US\$ 682,320	US\$ 1,906,069

(2) Tangible assets as of December 31, 2003 are as follows:

	Korean won			US dollars (Note 2)		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
	(In millions)			(In thousands)		
Land	(Won) 1,219,222	(Won)	(Won) 1,219,222	US\$ 1,057,893	US\$	US\$ 1,057,893
Buildings	915,158	173,383	741,775	794,063	150,441	643,622
Structures in leased office	113,155	82,077	31,078	98,182	71,216	26,966
Equipment and furniture	711,337	465,650	245,687	617,212	404,035	213,177
Construction in process	4,666		4,666	4,049		4,049
Others	1,151	614	537	999	533	466
Total	(Won) 2,964,689	(Won) 721,724	(Won) 2,242,965	US\$ 2,572,398	US\$ 626,225	US\$ 1,946,173

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(3) Intangible assets as of June 30, 2004 and December 31, 2003 are as follows:

	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Goodwill				
The Company (*1)	(Won) 303,341	(Won) 312,531	US\$ 263,203	US\$ 271,177
Woori Bank	23,668	24,600	20,536	21,344
Sub-total	327,009	337,131	283,739	292,521
Deferred development cost	139,939	105,314	121,422	91,379
Software	35,534	25,745	30,832	22,338
Other intangible assets	18,830	12,308	16,338	10,680
Total	(Won) 521,312	(Won) 480,498	US\$ 452,331	US\$ 416,918

- (*1) The excess of the subsidiaries' net assets acquired over the acquisition cost in the amount of (Won)391,834 million (US\$ 339,986 thousand) was classified as goodwill. Goodwill is amortized using the straight-line method over 20 years and the amortization for the six months ended June 30, 2004 and accumulated amortization as of June 30, 2004 are (Won)9,190 million (US\$ 7,974 thousand) and (Won)65,911 million (US\$ 57,190 thousand), respectively. In 2002, due to an adjustment in the acquisition costs of Woori Bank's investment stock, (Won)22,582 million (US\$19,594 thousand) decreased.
- (4) Carrying values of assets leased under financing lease agreements as of June 30, 2004 and December 31, 2003 are (Won)31,886 million (US\$ 27,667 thousand) and (Won)10,749 million (US\$ 9,327 thousand), respectively.
- (5) Carrying values of non-operating assets as of June 30, 2004 and December 31, 2003 are (Won)226 million (US\$ 196 thousand) and (Won)404 million (US \$ 351 thousand), respectively.

11. OTHER ASSETS

Other assets as of June 30, 2004 and December 31, 2003 are as follows:

Accounts	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Guarantee deposits	(Won) 999,387	(Won) 992,209	US\$ 867,147	US\$ 860,919
Other accounts receivable	4,171,711	3,225,454	3,619,706	2,798,659
Accrued income	530,658	727,632	460,441	631,351
Prepaid expenses	13,253	17,572	11,499	15,247
Deferred income tax assets (Note 20)	166,807	274,368	144,735	238,063
Accounts receivable on disposal of assets	4,944	6,189	4,290	5,370
Derivative instruments assets	475,305	505,224	412,412	438,372
Domestic exchange settlements debits	420,475	383,320	364,837	332,599
Operating lease assets	489	844	425	732
Sundry assets	469,424	430,359	407,309	373,413
Sub-total	7,252,453	6,563,171	6,292,801	5,694,725
Present value discount	(52,600)	(85,896)	(45,640)	(74,530)
Total	(Won) 7,199,853	(Won) 6,477,275	US\$ 6,247,161	US\$ 5,620,195

12. COLLATERALIZED ASSETS

Collateralized assets as of June 30, 2004 and December 31, 2003 are as follows (Unit: Korean won in millions):

Financial institution	Collateralized assets	Jun. 30, 2004	Dec. 31, 2003	Reason of collateral
Bank of Korea	Securities	(Won) 4,720,109	(Won) 4,803,431	Borrowings, settlement risk and others
Deutsche Bank H.K. and Others	Securities		1,104,800	Borrowings in foreign currencies
Lehman Brothers and others	Securities	164,338	322,036	Trading credit derivatives
Federal Reserve Bank	Securities	3,458	3,593	Guarantee for FRB discount window
HSBC and others	Due from banks in foreign currencies	1,469	1,577	Guarantee for receivables
Dongwon Securities Co., Ltd. and others	Securities	41,300	28,600	Futures maintenance margin
Samsung Futures Inc.	Securities		1,003	Futures maintenance margin

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Nova Scotia Bank	Securities	36,066	60,010	Borrowings in foreign currency
Sumitomo Mitsui Banking Co.	Securities	319,585	131,923	Borrowings in foreign currency
American Express Bank	Securities	15,000	15,000	Borrowings in foreign currency
Bank of America	Securities	15,000	15,000	Borrowings in foreign currency

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<u>Financial institution</u>	<u>Collateralized assets</u>	<u>Jun. 30, 2004</u>	<u>Dec. 31, 2003</u>	<u>Reason of collateral</u>
Trust accounts of Kwangju Bank and Kyongnam Bank	Securities	(Won) 1,535,503	(Won) 915,468	RP transactions
First Tennessee National Bank	Securities	11,525		Collateral for credit line
Korea Futures Incorporated and others	Securities	14,234		Futures maintenance margin
Total		(Won) 6,877,587	(Won) 7,402,441	

13. DEPOSITS

Deposits as of June 30, 2004 and December 31, 2003 are as follows:

<u>Accounts</u>	<u>Details</u>	<u>Korean won</u>		<u>US dollars (Note 2)</u>	
		<u>Jun. 30, 2004</u>	<u>Dec. 31, 2003</u>	<u>Jun. 30, 2004</u>	<u>Dec. 31, 2003</u>
		<u>(In millions)</u>		<u>(In thousands)</u>	
Deposits in local currency:					
	Demand deposits	(Won) 6,161,770	(Won) 7,256,065	US\$ 5,346,438	US\$ 6,295,935
	Time and saving deposits	71,213,547	70,491,971	61,790,496	61,164,400
	Mutual installment deposits	280,348	319,019	243,252	276,806
	Mutual installment for housing	575,397	568,252	499,260	493,060
	Other deposits	3,371,749	2,707,818	2,925,596	2,349,517
	Sub-total	81,602,811	81,343,125	70,805,042	70,579,718
Deposits in foreign currencies:					
	Demand deposits	1,720,547	448,269	1,492,882	388,954
	Time and saving deposits	3,505,387	3,407,601	3,041,551	2,956,703
	Sub-total	5,225,934	3,855,870	4,534,433	3,345,657
Negotiable certificates of deposits:					
		4,583,493	3,850,630	3,977,000	3,341,111
Total		(Won) 91,412,238	(Won) 89,049,625	US\$ 79,316,475	US\$ 77,266,486

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14. BORROWINGS

(1) Borrowings as of June 30, 2004 are as follows:

<u>Accounts</u>	<u>Details</u>	<u>Korean won</u> <u>(In millions)</u>	<u>US dollars (Note 2)</u> <u>(In thousands)</u>
Borrowings in local currency:	Bank of Korea	(Won) 1,124,296	US\$ 975,528
	Borrowings from Government Funds	1,392,871	1,208,565
	Others	2,900,539	2,516,737
	Sub-total	5,417,706	4,700,830
Borrowings in foreign currencies:	Borrowings in foreign currencies	4,865,444	4,221,643
	Off-shore borrowings in foreign currencies	16,942	14,700
	Sub-total	4,882,386	4,236,343
Bonds sold under repurchase agreements:	In local currency	1,433,689	1,243,982
	In foreign currencies	208,139	180,598
	Sub-total	1,641,828	1,424,580
Bills sold:		56,564	49,079
Due to the Bank of Korea in foreign currencies:		509	442
Call money:	Local currency	18,900	16,399
	Foreign currencies	164,374	142,624
	Inter-bank reconciliation funds	97,075	84,230
	Sub-total	280,349	243,253
Total		(Won) 12,279,342	US\$ 10,654,527

(2) Borrowings as of December 31, 2003 are as follows:

<u>Accounts</u>	<u>Details</u>	<u>Korean won</u> <u>(In millions)</u>	<u>US dollars (Note 2)</u> <u>(In thousands)</u>
Borrowings in local currency:	Bank of Korea	(Won) 1,239,424	US\$ 1,075,422
	Borrowings from Government Funds	1,730,773	1,501,755
	Others	2,689,152	2,333,321

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	Sub-total	5,659,349	4,910,498
Borrowings in foreign currencies:	Borrowings in foreign currencies	4,926,626	4,274,730
	Off-shore borrowings in foreign currencies	19,405	16,837
	Sub-total	4,946,031	4,291,567
Bonds sold under repurchase agreements:	In local currency	680,188	590,185
	In foreign currencies	976,752	847,507
	Sub-total	1,656,940	1,437,692
Bills sold:		115,678	100,371
Due to the Bank of Korea in foreign currencies:		4,801	4,166
Call money:	Local currency	69,500	60,304
	Foreign currencies	342,299	297,006
Call money:	Inter-bank reconciliation funds	(Won) 18,506	US\$ 16,057
	Sub-total	430,305	373,367
Total		(Won) 12,813,104	US\$ 11,117,661

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15. DEBENTURES

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

Accounts	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Debentures in local currency	(Won) 10,232,184	(Won) 9,582,428	US\$ 8,878,251	US\$ 8,314,471
Add: redemption premium	2,314	2,314	2,008	2,008
Less: reconciliation for conversion right	(1,976)	(2,509)	(1,715)	(2,177)
Less: discounts	(77,118)	(632,729)	(66,914)	(549,006)
Debentures in foreign currencies	3,358,937	3,262,951	2,914,479	2,831,194
Add: long-term accrued interest	2,955	2,154	2,564	1,869
Add: redemption premium	3,143	3,258	2,727	2,827
Less: reconciliation for conversion right	(3,158)	(4,179)	(2,740)	(3,626)
Less: discounts	(19,761)	(18,529)	(17,146)	(16,077)
Total	(Won) 13,497,520	(Won) 12,195,159	US\$ 11,711,514	US\$ 10,581,483

(2) Details of debentures in local currency as of June 30, 2004 and December 31, 2003 are as follows (Unit: Korean won in millions):

	Face value	Interest rate (%)
(2004)		
Ordinary bonds	(Won) 8,761,001	3.94 ~ 8.05
Convertible bonds	20,000	
Bonds with warrants	24,833	12.50
Subordinated bonds	1,426,350	5.50 ~ 13.50
Total	(Won) 10,232,184	
(2003)		
Ordinary bonds	(Won) 7,787,612	4.18 ~ 9.00
Convertible bonds	20,000	
Bonds with warrants	614,816	12.50 ~ 15.00
Subordinated bonds	1,160,000	7.20 ~ 13.50
Total	(Won) 9,582,428	

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- (3) Details of debentures in foreign currencies as of June 30, 2004 and December 31, 2003 are as follows (Unit: Korean won in millions, US dollars in thousands, JPY in 100 thousands):

(2004)	Currencies	Face value in	Korean won	Interest rate (%)
		foreign currencies	equivalent	
Ordinary bonds	USD	2,425,488	(Won) 2,795,374	1.60 ~ 12.80
	JPY	430,000	457,533	1.20 ~ 1.74
Convertible bonds	USD	92,000	106,030	
Total			(Won) 3,358,937	

(2003)	Currencies	Face value in	Korean won	Interest rate (%)
		foreign currencies	equivalent	
Ordinary bonds	USD	2,089,986	(Won) 2,503,385	3.63 ~ 12.75
	JPY	580,000	649,368	1.20 ~ 1.74
Convertible bonds	USD	92,000	110,198	
Total			(Won) 3,262,951	

16. OTHER LIABILITIES

Other liabilities as of June 30, 2004 and December 31, 2003 are as follows:

	Korean won		US dollars (Note 2)	
	Jun. 30, 2004	Dec. 31, 2003	Jun. 30, 2004	Dec. 31, 2003
	(In millions)		(In thousands)	
Accrued severance benefits	(Won) 251,388	(Won) 219,672	US\$ 218,124	US\$ 190,605
Less: deposits in employee retirement trust	(125,614)	(127,932)	(108,993)	(111,004)
Less: transfers to the National Pension Fund	(378)	(436)	(328)	(378)
Allowances for possible losses on confirmed acceptances and guarantees (Note 24)	24,441	38,641	21,207	33,528
Other allowances (Note 24)	244,098	223,347	211,799	193,793
Foreign exchange remittance pending	242,101	393,685	210,066	341,592
Domestic exchange remittance pending	688,263	439,803	597,191	381,607
Borrowings from trust accounts	793,487	2,215,493	688,492	1,922,337
Accounts payable	3,695,665	2,375,409	3,206,650	2,061,092
Accrued expenses	1,551,218	1,530,542	1,345,959	1,328,019
Income taxes payable	10,005	13,384	8,681	11,613
Unearned revenues	92,556	99,993	80,309	86,762
Deposits for letter of guarantees and others	118,616	143,636	102,921	124,630

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Derivative liabilities	508,757	420,508	441,439	364,866
Deferred income tax liabilities (Note 20)	165	4,363	143	3,786
Accounts for agency businesses	254,461	263,459	220,791	228,598
Liabilities incurred by agency relationship	559,887	590,466	485,802	512,335
Sundry liabilities	136,734	167,499	118,641	145,335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(Won) 9,045,850	(Won) 9,011,532	US\$ 7,848,894	US\$ 7,819,116
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17. SHAREHOLDERS EQUITY

- (1) The Company has 2,400,000,000 authorized shares of common stock with (Won)5,000 par value, of which 784,076,172 shares [(Won)3,920,381 million (US\$ 3,401,632 thousand)] and 775,504,910 shares [(Won)3,877,525 million (US\$ 3,364,447 thousand)] are issued and outstanding as of June 30, 2004 and December 31, 2003, respectively.
- (2) The changes in the capital stock of the Company during the period from the establishment date to June 30, 2004 are as follows (unit: Korean won in millions):

<u>Issue date</u>	<u>Description</u>	<u>Number of shares issued</u>	<u>Amount</u>
March 27, 2001	Establishment	727,458,609	(Won) 3,637,293
June 12, 2002	Issue of new shares	36,000,000	180,000
In 2002	Exercise of warrants	4,356,188	21,781
Dec. 31, 2002		767,814,797	3,839,074
In 2003	Exercise of warrants	7,690,113	38,451
Dec. 31, 2003		775,504,910	3,877,525
In 2004	Issue of new shares (*1)	8,571,262	42,856
Jun. 30, 2004		784,076,172	(Won) 3,920,381

- (*1) On June 18, 2004, the Company issued its new common shares to wholly own Woori Securities, one of its subsidiaries. Those new common shares were offered to exchange for 15,584,113 common shares of Woori Securities.

18. STOCK OPTIONS

- (1) On December 4, 2002, the Company granted stock options to 62 directors of the Company and its subsidiaries. The exercise price of 60 percent of the total number of stock options granted will be determined depending on the Korean banking industry stock index (at minimum (Won)6,800 per share). In addition, for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (Won)6,800 per share, the number of stock options to be vested will be dependent on 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. The stock options are exercisable during a three-year period beginning after three years from the grant date. If the stock options are exercised, the Company has the option to issue new shares or shares held as treasury stock, or to pay the difference between the market price and the exercise price in cash or with treasury stock.
- (2) The stock options (220,000 shares) granted to 9 directors of the Company and its subsidiaries, who subsequently retired, were cancelled by the resolutions of the board of directors of the Company in 2003 and for the six-month period ended June 30, 2004.

- (3) The summary of stock options granted as of June 30, 2004 is summarized as follows:

Description	The Company	Subsidiaries	Total
Exercisable number of shares	440,000 shares	900,000 shares	1,340,000 shares
Type	Share issue or balance compensation	Share issue or balance compensation	
Valuation method	Fair value approach	Fair value approach	

- (4) The Company estimated stock option costs using the Black Scholes Option Pricing Model and the details are summarized as follows:

Description	Application
Risk free rate	Yield (5.70%) of treasury bond, which has the same residual maturity as the expected exercise period, as of December 4, 2002
Expected exercising period	4.5 year (average holding period)
Expected dividend income ratio	0%
Expected forfeiture ratio	0%
Expected volatility of stock price	56.72%, that is the annualized standard deviation of expected stock investment yield based on the continuous compounded method
Exercise price	(Won)6,800 per share
Fair value	(Won)2,081 per share

- (5) The summary of stock option costs over the exercisable period is summarized as follows (Unit: Korean won in millions):

Description	The Company	Subsidiaries	Total
Recorded in 2002, 2003 and the first half of 2004	725	1,482	2,207
To be recorded thereafter	191	391	582
Total stock option costs	(Won) 916	(Won) 1,873	(Won) 2,789

19. NON-OPERATING INCOME AND EXPENSES

(1) Non-operating income for the six-month periods ended June 30, 2004 and 2003 are as follows:

	Korean won (In millions)			
	2004		2003	
	Three months	Six months	Three months	Six months
Gain on disposal of tangible assets	(Won) 17,462	(Won) 17,534	(Won) 5,461	(Won) 15,370
Gain on valuation using the equity method of accounting (Note 7)		6,299	15,176	20,973
Rental income	2,162	4,254	1,898	3,090
Gain on disposal of available-for-sale securities	62,313	72,647	30,380	56,525
Reversal of loss on impairment of available-for-sale securities (Note 8)		9,461	159,870	230,931
Reversal of loss on impairment of held-to - maturity securities (Note 8)		1,900	1,323	2,254
Gain on valuation of investment in funds			3,145	
Gain on sale of loans	820	820	32,430	83,654
Others	45,536	70,577	54,678	76,265
Total	(Won) 128,293	(Won) 183,492	(Won) 304,361	(Won) 489,062

	US dollars (In thousands)			
	2004		2003	
	Three months	Six months	Three months	Six months
Gain on disposal of tangible assets	US\$ 15,151	US\$ 15,214	US\$ 4,738	US\$ 13,336
Gain on valuation using the equity method of accounting (Note 7)		5,466	13,168	18,198
Rental income	1,876	3,691	1,647	2,681
Gain on disposal of available-for-sale securities	54,068	63,034	26,360	49,046
Reversal of loss on impairment of available-for-sale securities (Note 8)		8,209	138,716	200,374
Reversal of loss on impairment of held-to -maturity securities (Note 8)		1,649	1,148	1,956
Gain on valuation of investment in funds			2,729	

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Gain on sale of loans	711	711	28,139	72,585
Others	39,511	61,238	47,443	66,173
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	US\$ 111,317	US\$ 159,212	US\$ 264,088	US\$ 424,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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(2) Non-operating expenses for the six-month periods ended June 30, 2004 and 2003 are as follows:

	Korean won (In millions)			
	2004		2003	
	Three months	Six months	Three months	Six months
Loss on disposal of tangible assets	(Won) 534	(Won) 1,724	(Won) 574	(Won) 882
Loss on valuation using the equity method of accounting	4,405			
Loss on disposal of available-for-sale securities	1,134	3,064	5,045	16,899
Loss on impairment of available-for-sale securities (Note 8)	62,724	84,300	14,261	52,644
Loss on impairment of held-to-maturity securities (Note 8)	24,089	25,191	10,738	10,738
Loss on sale of loans			7,507	38,719
Loss on valuation of investment in funds				1,250
Donations	1,899	2,134	157	255
Loss on impairment of intangible assets				37,052
Others	13,338	97,028	21,317	40,828
Total	(Won) 108,123	(Won) 213,441	(Won) 59,599	(Won) 199,267

	US dollars (In thousands)			
	2004		2003	
	Three months	Six months	Three months	Six months
Loss on disposal of tangible assets	US\$ 463	US\$ 1,496	US\$ 498	US\$ 765
Loss on valuation using the equity method of accounting	3,822			
Loss on disposal of available-for-sale securities	984	2,659	4,377	14,663
Loss on impairment of available-for-sale securities (Note 8)	54,424	73,145	12,374	45,678
Loss on impairment of held-to-maturity securities (Note 8)	20,902	21,858	9,317	9,317
Loss on sale of loans			6,514	33,596
Loss on valuation of investment in funds				1,085
Donations	1,648	1,852	136	221
Loss on impairment of intangible assets				32,149

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Others		<u>11,573</u>		<u>84,188</u>		<u>18,497</u>		<u>35,426</u>
Total		<u>US\$ 93,816</u>		<u>US\$ 185,198</u>		<u>US\$ 51,713</u>		<u>US\$ 172,900</u>

20. INCOME TAX EXPENSES

(1) Details of income taxes as of and for the six-month period ended June 30, 2004 are as follows (Unit: Korean won in millions):

	Income		
	tax expense	Deferred income	Deferred income
	(benefit)	tax assets	tax liabilities
Woori Bank	(Won) 110,818	(Won) 105,378	(Won)
Kyongnam Bank	(99)	30,593	
Kwangju Bank	1,360	23,150	
Woori Securities	19	5,665	
WFIS	536	845	
WF&I	2,263	82	165
WITM	196	1,094	
	<u>(Won) 115,093</u>	<u>(Won) 166,807</u>	<u>(Won) 165</u>

(2) Details of income taxes as of and for the year ended December 31, 2003 are as follows (Unit: Korean won in millions):

	Income		
	tax expense	Deferred income	Deferred income
	(benefit)	tax assets	tax liabilities
Woori Bank	(Won) 105,515	(Won) 211,395	(Won) 430
WCC	120,960		
Kyongnam Bank	(30,493)	30,493	
Kwangju Bank	(24,510)	24,510	
Woori Securities	(3,997)	6,448	
WFIS	1,865	310	
WF&I	8,741	35	3,933
WITM	607	1,177	
	<u>(Won) 178,688</u>	<u>(Won) 274,368</u>	<u>(Won) 4,363</u>

21. EARNINGS PER COMMON SHARE

- (1) Basic consolidated ordinary income and net income per common share for the three-month and six-month periods ended June 30, 2004 and 2003 are as follows:

	Korean won			
	2004		2003	
	Three months	Six months	Three months	Six months
	(In millions, except for per share data)			
Consolidated net income on common shares	(Won) 330,335	(Won) 174,309	(Won) 315,823	(Won) 497,042
Extraordinary gain (loss)				
Income tax effect on extraordinary gain (loss)				
Consolidated ordinary income on common shares	(Won) 330,335	(Won) 174,309	(Won) 315,823	(Won) 497,042
Weighted average number of common shares	776,716,067	776,117,143	767,944,624	767,880,412
Basic consolidated ordinary income per common share	(Won) 425	(Won) 225	(Won) 411	(Won) 647
Basic consolidated net income per common share	(Won) 425	(Won) 225	(Won) 411	(Won) 647
	US dollars (Note 2)			
	2004		2003	
	Three months	Six months	Three months	Six months
	(In thousands, except for per share data)			
Consolidated net income on common shares	US\$ 286,625	US\$ 151,244	US\$ 274,033	US\$ 431,273
Extraordinary gain (loss)				
Income tax effect on extraordinary gain (loss)				
Consolidated ordinary income on common shares	US\$ 286,625	US\$ 151,244	US\$ 274,033	US\$ 431,273
	776,716,067	776,117,143	767,944,624	767,880,412

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Weighted average number of common shares								
Basic consolidated ordinary income per common share	US\$	0.369	US\$	0.195	US\$	0.357	US\$	0.561
Basic consolidated net income per common share	US\$	0.369	US\$	0.195	US\$	0.357	US\$	0.561

(*) Basic consolidated ordinary income and net income per common share for the year ended December 31, 2003 were (Won)73 (US\$ 0.063). In addition, basic consolidated ordinary loss and net loss per common share for the three months ended March 31, 2004 were (Won)(201) (US\$ 0.174) and basic consolidated ordinary income and net income per common share for the three months ended March 31, 2003 were (Won)236 (US\$ 0.205).

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- (2) Diluted consolidated ordinary income and net income per common share for the three-month and six-month periods ended June 30, 2004 and 2003 are as follows:

	Korean won			
	2004		2003	
	Three months	Six months	Three months	Six months
	(In millions, except for per share data)			
Diluted consolidated net income on common shares	(Won) 332,963	(Won) 177,416	(Won) 316,709	(Won) 498,346
Extraordinary gain (loss)				
Income tax effect on extraordinary gain (loss)				
Diluted consolidated ordinary income on common shares	(Won) 332,963	(Won) 177,416	(Won) 316,709	(Won) 498,346
Weighted average number of diluted common shares equivalents	799,995,235	798,056,311	798,570,374	783,910,021
Diluted consolidated ordinary income per common share	(Won) 416	(Won) 222	(Won) 397	(Won) 636
Diluted consolidated net income per common share	(Won) 416	(Won) 222	(Won) 397	(Won) 636
	US dollars (Note 2)			
	2004		2003	
	Three months	Six months	Three months	Six months
	(In thousands, except for per share data)			
Diluted consolidated net income on common shares	US\$ 288,905	US\$ 153,940	US\$ 274,802	US\$ 432,404
Extraordinary gain (loss)				
Income tax effect on extraordinary gain (loss)				
Diluted consolidated ordinary income on common shares	US\$ 288,905	US\$ 153,940	US\$ 274,802	US\$ 432,404

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Weighted average number of diluted common shares equivalents	799,995,235	798,056,311	798,570,374	783,910,021
Diluted consolidated ordinary income per common share	US\$ 0.361	US\$ 0.193	US\$ 0.344	US\$ 0.552
Diluted consolidated net income per common share	US\$ 0.361	US\$ 0.193	US\$ 0.344	US\$ 0.552

(*) Diluted basic consolidated ordinary income and net income per common share for the year ended December 31, 2003 were (Won)72 (US\$ 0.062). In addition, basic consolidated ordinary loss and net loss per common share for the three months ended March 31, 2004 were (Won)(201) (US\$ 0.174) and basic consolidated ordinary income and net income per common share for the three months ended March 31, 2003 were (Won)234 (US\$ 0.203).

(3) Common stock equivalents as of June 30, 2004 are as follows (unit: Korean won in millions and US dollars in thousands):

Item	Face value	Exercise period	Common stock to be issued	Remarks
Convertible bonds	US\$ 36,000	Sep. 28, 2003 ~ Aug. 27, 2005	5,914,180 shares	Using exchange rate of (Won)1,201.4, convert 1 share at (Won)7,313.
Convertible bonds	US\$ 16,000	Dec. 21, 2003 ~ Nov. 20, 2005	3,481,173 shares	Using exchange rate of (Won)1,215.8, convert 1 share at (Won)5,588.
Convertible bonds	(Won) 20,000	Mar. 27, 2004 ~ Feb. 26, 2006	3,717,472 shares	Convert 1 share at (Won)5,380.
Convertible bonds	US\$ 39,000	Mar. 27, 2004 ~ Feb. 26, 2006	8,661,914 shares	Using exchange rate of (Won)1,194.9, convert 1 share at (Won)5,380.
Convertible bonds	US\$ 1,000	Jul.10, 2004 ~ Jun.10, 2006	164,429 shares	Using exchange rate of (Won)1,188.5, convert 1 share at (Won)7,228.
Stock options		Dec. 5, 2005 ~ Dec. 4, 2008	1,340,000 shares	(Note 18)

22. CONSOLIDATED STATEMENTS OF CASH FLOWS

Increases and decreases in cash flows from investing activities and financing activities in the consolidated statements of cash flows for the six-month periods ended June 30, 2004 and 2003 are presented at net amounts.

23. INTERCOMPANY TRANSACTIONS

A. Significant balances as of June 30, 2004 and transactions for the six months ended June 30, 2004 with and among the Company, its subsidiaries, equity method investees and related parties, some of which have been eliminated in the consolidation, are as follows (unit: Korean won in millions):

(1) Assets and liabilities

1) Due from Banks

Company	The Company	Woori Bank	Kyongnam Bank	Kwangju Bank	WFIS	WF&I	WITM	Woori Securities	WCI	Others
---------	-------------	------------	---------------	--------------	------	------	------	------------------	-----	--------

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Woori Bank	(Won) 404,084	(Won)	(Won) 41,219	(Won) 4,562	(Won) 3,928	(Won) 15,271	(Won) 3,812	(Won) 17,557	(Won) 2,950	(Won) 13,496
Kyongnam Bank	29,501			6	1,769			3		29
Kwangju Bank	20,009	1,812	4,953		1,061		9,200	69		
Others	517	2,701					408	5,637		215
Total	(Won) 454,111	(Won) 4,513	(Won) 46,172	(Won) 4,568	(Won) 6,758	(Won) 15,271	(Won) 13,420	(Won) 23,266	(Won) 2,950	(Won) 13,740

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2) Deposits

<u>Company</u>	<u>Woori Bank</u>	<u>Kyongnam Bank</u>	<u>Kwangju Bank</u>	<u>Others</u>
The Company	(Won) 404,084	(Won) 29,501	(Won) 20,009	(Won) 517
Woori Bank			1,812	2,701
Kyongnam Bank	41,219		4,953	
Kwangju Bank	4,562	6		
WFIS	3,928	1,769	1,061	
WF&I	15,271			
WITM	3,812		9,200	408
Woori Securities	17,557	3	69	5,637
WCI	2,950			
Others	13,496	29		215
Total	(Won) 506,879	(Won) 31,308	(Won) 37,104	(Won) 9,478

3) Loans

<u>Company</u>	<u>The Company</u>	<u>Woori Bank</u>	<u>Kyongnam Bank</u>	<u>Kwangju Bank</u>	<u>Others</u>
Woori Bank	(Won)	(Won)	(Won) 38,496	(Won) 23,258	(Won) 71,164
Kwangju Bank	50,000				
WFIS	30,000				
WF&I	125,000				
Others	27,890	106,589			
Total	(Won) 232,890	(Won) 106,589	(Won) 38,496	(Won) 23,258	(Won) 71,164

4) Borrowings

<u>Company</u>	<u>Woori Bank</u>	<u>Bank</u>	<u>WFIS</u>	<u>WF&I</u>	<u>Others</u>
The Company	(Won)	(Won) 50,000	(Won) 30,000	(Won) 125,000	(Won) 27,890
Woori Bank					106,589
Kyongnam Bank	38,496				
Kwangju Bank	23,258				
Others	71,164				
Total	(Won) 132,918	(Won) 50,000	(Won) 30,000	(Won) 125,000	(Won) 134,479

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5) Other assets

Company	The Company	Woori Bank	Kyongnam Bank	Kwangju Bank	WFIS	WF&I	WITM	Woori Securities	WCI	Others
The Company	(Won)	(Won) 31,980	(Won)	(Won)	(Won) 327	(Won)	(Won)	(Won)	(Won)	(Won)
Woori Bank	5,391		24,594	13	26,296	2	37	6,236	5,913	136,524
Kyongnam Bank	28	7,124		14	1,765				8	8,325
Kwangju Bank	3,379	4,209	47		949		72		1	8,430
WFIS	514	165						94		
WF&I	58									
WITM	132	31								
Woori Securities		324,334								
WCI	655	248,651	602	200		112,213			55	
Total	(Won) 10,157	(Won) 616,494	(Won) 25,243	(Won) 227	(Won) 29,337	(Won) 112,215	(Won) 109	(Won) 6,330	(Won) 5,977	(Won) 153,524

6) Other liabilities

Company	The Company	Woori Bank	Kyongnam Bank	Kwangju Bank	WFIS	WITM	WCI	Others
The Company	(Won)	(Won) 5,391	(Won) 28	(Won) 3,379	(Won) 514	(Won) 58	(Won) 132	(Won) 655
Woori Bank		31,980		7,124				248,651
Kyongnam Bank			24,594					602
Kwangju Bank				13				200
WFIS				14				
WF&I					327			
WITM						26,296		
Woori Securities							1,765	
WCI								949
Others								
Total	(Won) 32,307	(Won) 205,006	(Won) 17,264	(Won) 17,087	(Won) 773	(Won) 58	(Won) 163	(Won) 362,420

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(2) Income and Expense

1) Interest income

Company	The Company	Woori Bank	Kyongnam Bank	Kwangju Bank	WFIS	WF&I	WITM	Woori Securities	WCI	Others
Woori Bank	(Won) 9,104	(Won) 9,104	(Won) 1,384	(Won) 552	(Won) 195	(Won) 197	(Won) 65	(Won) 693	(Won) 74	(Won) 5,729
Kyongnam Bank	360			13	39					134
Kwangju Bank	1,377	68					72	68		237
WFIS	1,095									
WF&I	4,579									
Woori Securities						88				
Others	1,110	2,662	11	56		5,097		72		
Total	(Won) 17,625	(Won) 2,730	(Won) 1,395	(Won) 621	(Won) 234	(Won) 5,382	(Won) 137	(Won) 833	(Won) 74	(Won) 6,100

2) Interest expense

Company	Woori Bank	Kyongnam Bank	Kwangju Bank	WFIS	WF&I	Woori Securities	Others
The Company	(Won) 9,104	(Won) 360	(Won) 1,377	(Won) 1,095	(Won) 4,579	(Won)	(Won) 1,110
Woori Bank			68				2,662
Kyongnam Bank	1,384						11
Kwangju Bank	552	13					56
WFIS	195	39					
WF&I	197					88	5,097
WITM	65		72				
Woori Securities	693		68				72
WCI	74						
Others	5,729	134	237				
Total	(Won) 17,993	(Won) 546	(Won) 1,822	(Won) 1,095	(Won) 4,579	(Won) 88	(Won) 9,008

3) Fee income

Company	Woori Bank	Kyongnam Bank	Kwangju Bank	Woori Securities	WCI	Others
Woori Bank	(Won)	(Won) 11	(Won)	(Won) 410	(Won) 5,558	(Won) 14,969
Kyongnam Bank					50	
Kwangju Bank					15	
Woori Securities		66			4	
WITM				59		

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Others	<u>16,924</u>	<u></u>	<u>1,029</u>	<u></u>	<u>1,815</u>	<u>326</u>
Total	<u>(Won) 16,990</u>	<u>(Won) 11</u>	<u>(Won) 1,029</u>	<u>(Won) 469</u>	<u>(Won) 7,442</u>	<u>(Won) 15,295</u>

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4) Fee expense

Company	Woori Bank	Kyongnam Bank	Kwangju Bank	Woori Securities	WITM	Others
Woori Bank	(Won)	(Won)	(Won)	(Won) 66	(Won)	(Won) 16,924
Kyongnam Bank	11					
Kwangju Bank						1,029
Woori Securities	410				59	
WCI	5,558	50	15	4		1,815
Others	14,969					326
Total	(Won) 20,948	(Won) 50	(Won) 15	(Won) 70	(Won) 59	(Won) 20,094

5) Other income

Company	Woori Bank	Kwangju Bank	WFIS	Others
The Company	(Won) 14,523	(Won)	(Won) 1,348	(Won)
Woori Bank			105,538	19
Kyongnam Bank			9,290	
Kwangju Bank			5,635	
WFIS	2,458			
WITM			46	
Woori Securities	190		2,430	
WCI	130			
Others	30,109	400	5,762	
Total	(Won) 47,410	(Won) 400	(Won) 130,049	(Won) 19

6) Other expenses

Company	The Company	Woori Bank	Kyungnam Bank	Kwangju Bank	WFIS	WITM	Woori Securities	WCI	Others
Woori Bank	(Won) 14,523	(Won)	(Won)	(Won)	(Won) 2,458	(Won)	(Won) 190	(Won) 130	(Won) 30,109
Kwangju Bank									400
WFIS	1,348	105,538	9,290	5,635		46	2,430		5,762
Others		19							
Total	(Won) 15,871	(Won) 105,557	(Won) 9,290	(Won) 5,635	(Won) 2,458	(Won) 46	(Won) 2,620	(Won) 130	(Won) 36,271

- B. Details of unrealized gain or loss on transactions among the Company and its subsidiaries for the six months ended June 30, 2004 are as follows (unit: Korean won in millions):

	Operating revenue	Operating expenses	Non-operating income	Non-operating expenses	Total
Woori Bank	(Won) 1,069	(Won)	(Won) 1,170	(Won) (45)	(Won) 2,194
Kyongnam Bank				(10)	(10)
Kwangju Bank				(59)	(59)
Woori Credit Card				(172)	(172)
WFIS	(127)				(127)
Total	(Won) 942	(Won)	(Won) 1,170	(Won) (286)	(Won) 1,826

- C. Kwangju Bank sold its credit card subscriber base to WCC on February 28, 2003. However, due to WCC's merger into Woori Bank in the first quarter of 2004, Kwangju Bank repurchased such credit card subscriber base including the related card assets and liabilities from WCC on March 29, 2004. The consideration for the transaction was (Won) 73 billion (US\$ 63 million) and no gain or loss was recorded in connection.

24. CONTINGENCIES AND COMMITMENTS

- (1) As of June 30, 2004 and December 31, 2003, confirmed acceptances and guarantees and non-confirmed acceptances and guarantees are as follow (unit: Korean won in millions):

	Jun. 30, 2004	Dec. 31, 2003
Confirmed acceptances and guarantees:		
Local currency:		
Guarantees for debenture-issuing	(Won) 76,280	(Won) 72,273
Guarantees for loans	114,800	105,620
Guarantees for bills	18,998	19,121
Others	499,634	443,842
Sub-total	709,712	640,856
Foreign currencies:		
Acceptance	304,679	422,683
Guarantee in acceptance of imported goods	75,163	76,972
Credit derivatives sold	92,200	62,416
Others	471,496	788,904
Sub-total	943,538	1,350,975
Total	1,653,250	1,991,831

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Non-confirmed acceptances and guarantees:		
Local letter of credit in foreign currencies	655,011	697,476
Local letter of credit in local currency	279,065	223,624
Letter of credit	2,060,500	2,242,753
Others	76,969	150,496
Total	3,071,545	3,314,349
Grand total	(Won) 4,724,795	(Won) 5,306,180

- (2) Endorsed bills and the loan commitments as of June 30, 2004 and December 31, 2003 are as follows (unit: Korean won in millions):

	<u>Jun. 30, 2004</u>	<u>Dec. 31, 2003</u>
Line of credit in local currency	(Won) 1,104,970	(Won) 979,932
Line of credit in foreign currencies	23,894	24,516
Other commitments in foreign currencies	46,100	59,890
Total	(Won) 1,174,964	(Won) 1,064,338
Endorsed bills without guarantee	(Won) 1,379	(Won) 3
Endorsed bills with guarantee	33,756	27,923
Total	(Won) 35,135	(Won) 27,926

- (3) The allowance for confirmed acceptances and guarantees outstanding as of June 30, 2004 and December 31, 2003 are as follows (unit: Korean won in 100 millions):

	<u>Jun. 30, 2004</u>			<u>Dec. 31, 2003</u>		
	<u>Allowance</u>	<u>Ratio (%)</u>	<u>Outstanding</u>	<u>Allowance</u>	<u>Ratio (%)</u>	<u>Outstanding</u>
Normal	(Won)		(Won) 15,653	(Won)		(Won) 18,710
Precautionary			522			618
Substandard	20	33.9%	59	38	26.8%	142
Doubtful	223	75.1%	297	340	77.3%	440
Loss	1	100.0%	1	8	100.0%	8
Total	(Won) 244		(Won) 16,532	(Won) 386		(Won) 19,918

- (4) As of June 30, 2004, the Company and its subsidiaries had filed 3,080 lawsuits as a plaintiff pleading damages amounting to (Won)486,896 million (US\$ 422,469 thousand) and had been designated as a defendant in 7,703 lawsuits claiming damages amounting to (Won)1,315,551 million (US\$ 1,141,476 thousand). Among the lawsuits in which Woori Bank is a defendant, Woori Bank, two other domestic banks are named as co-defendants in a lawsuit filed in the United States of America claiming damages of US\$ 880 million ((Won)1,014 billion). The Company and its subsidiaries do not anticipate the outcome of these lawsuits would have a significant effect on the financial conditions or results of operations of the Company and its subsidiaries.

In addition, Kwangju Bank is named as a defendant in a lawsuit filed by the Export-Import Bank of Korea, which is related to issuing Daewoo Corp.'s deferred payment export guarantee document. The plaintiff demands the defendant to verify the existence of a guarantee obligation, which amounted to US\$ 100 million ((Won)115 billion). The remaining balance of the related liability is US\$ 41 million ((Won)47 billion) as of June 30, 2004. The lawsuit is in the process of trial and the ultimate outcome cannot presently be determined. Kwangju Bank recorded (Won)38 billion (US\$ 33 million) as other allowances concerning this lawsuit.

- (5) Among the non-performing loans sold by subsidiaries of the Company to KAMCO, (Won)322 billion (US\$ 279 million) and (Won)326 billion (US\$ 283 million) of loans as of June 30, 2004 and December 31, 2003, respectively, were subject to payment guarantees or repurchase obligation and in connection, other allowances of (Won)127 billion (US\$ 110 million) and (Won)110 billion (US\$ 95 million) were provided as of June 30, 2004 and December 31, 2003, respectively.

25. DERIVATIVES

- (1) Deferred commitments from derivatives as of June 30, 2004 are as follows (Unit: Korean won in millions):

	<u>For trading</u>	<u>For hedging</u>	<u>Total</u>
Interest rate:			
Interest rate forward	(Won) 407,275	(Won)	(Won) 407,275
Interest rate swap	7,142,361	3,415,746	10,558,107
Other	1,304,511		1,304,511
Sub-total	8,854,147	3,415,746	12,269,893
Currency:			
Currency forward	22,845,345	35,659	22,881,004
Currency swap	5,802,243	14,545	5,816,788
Currency future	183,016		183,016
Buy currency option	1,455,616		1,455,616
Sell currency option	873,745		873,745
Sub-total	31,159,965	50,204	31,210,169
Stock Index:			
Stock index future	111,776		111,776
Buy stock index option	216,106		216,106
Sell stock index option	1,059,799	345	1,060,144
Sub-total	1,387,681	345	1,388,026
Total	(Won) 41,401,793	(Won) 3,466,295	(Won) 44,868,088

- (2) Gains or losses on valuation of derivatives for the six months ended June 30, 2004 and cumulated gains or losses on valuation of derivatives as of June 30, 2004 are as follows (Unit: Korean won in millions):

	Gains on valuation in income statement			Losses on valuation in income statement			Gains (losses) in capital adjustments	Cumulative gains (losses) in balance sheet	
	Trading	Hedge	Total	Trading	Hedge	Total	Hedge	Asset	Liability
Interest rate:									
Interest rate forward	(Won) 483	(Won)	(Won) 483	(Won) (134)	(Won)	(Won) (134)	(Won)	(Won) 289	(Won) 1,495
Interest rate swap	66,389	13,618	80,007	(70,994)	(82,791)	(153,785)	(1,386)	194,258	163,272
Sub-total	66,872	13,618	80,490	(71,128)	(82,791)	(153,919)	(1,386)	194,547	164,767
Currency:									
Currency forward	190,490	21	190,511	(214,544)	(9)	(214,553)		133,980	156,361
Currency swap	122,865	1,226	124,091	(103,750)		(103,750)		129,690	146,168
Buy currency option	5,885		5,885	(14,435)		(14,435)		9,393	
Sell currency option	6,455		6,455	(2,958)		(2,958)			15,115
Sub-total	325,695	1,247	326,942	(335,687)	(9)	(335,696)		273,063	317,644
Stock index :									
Buy stock index option	57		57	(254)	(91)	(345)		7,695	
Sell stock index option	11,045	91	11,136	(1,469)		(1,469)			26,346
Sub-total	11,102	91	11,193	(1,723)	(91)	(1,814)		7,695	26,346
Total	(Won) 403,669	(Won) 14,956	(Won) 418,625	(Won) (408,538)	(Won) (82,891)	(Won) (491,429)	(Won) (1,386)	(Won) 475,305	(Won) 508,757

26. CREDITS TO SK NETWORKS CO., LTD.

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Woori Bank has loans receivable from and payment guarantees for SK Networks Co., Ltd. (formerly known as SK Global) and its overseas subsidiaries (collectively referred to as SK Networks) in the total amount of (Won)200.4 billion (US\$173.9 million) and available-for-sale securities in the total amount of (Won)89.6 billion (US\$77.7 million). In connection therewith, Woori Bank provided (Won)96.5 billion (US\$ 83.7 million) as allowances for credit losses as of June 30, 2004. However, Woori Bank's actual loss on SK Networks credit may differ from the current estimate.

27. CREDITS TO LG CARD CO., LTD.

Woori Bank, Kyongnam Bank and Kwangju Bank, subsidiaries of the Company, have loans receivable and securities from LG Card in the total amount of (Won)422.4 billion (US\$ 366.5 million) and (Won)301.8 billion (US\$ 261.9 million), respectively, as of June 30, 2004. In connection therewith, the banks provided allowances for credit losses and cumulative impairment losses on securities in the total amount of (Won)328.4 billion (US\$ 284.9 million). In addition, development trust accounts, for which repayment of principal or interest is guaranteed by Woori Bank, have Commercial Paper (CP) in the

total amount of (Won) 120.1 billion (US\$ 104.2 million) and Woori Bank recorded a total amount of (Won) 51.0 billion (US\$ 44.3 million) in the related losses on trust management fee income account in 2003 and for the six-month period ended June 30, 2004. However, the Company's bank subsidiaries' actual losses on LG Card credit may differ from the current estimate.

28. WCC'S CAPITAL INCREASE

On March 26, 2004, the Company increased its investment in WCC by purchasing 160 million shares of new common stocks of WCC, amounting to (Won)800 billion (US\$ 694.1 million) for the purpose of maintaining capital adequacy of Woori Bank following the merger with WCC.

29. WOORI BANK'S MERGER WITH WCC

Woori Bank, a subsidiary of the Company, merged with WCC, a subsidiary of the Company, on March 31, 2004. Woori Bank took over substantially all of the assets and liabilities of WCC by exchanging one common share of WCC with 0.3581 share of Woori Bank and (Won) 330.3 billion (US\$ 286.6 million) of the difference between (Won) 657.2 billion (US\$ 570.2 million) of net assets acquired from WCC and (Won) 326.9 billion (US\$ 283.6 million) of consideration for the merger was recorded as capital surplus of Woori Bank. As a result, the number of issued common shares of Woori Bank increased from 570.6 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,475.3 million) to (Won) 3,179.8 billion (US\$ 2,759.0 million) as of June 30, 2004.

30. ACQUISITION OF WOORI SECURITIES' STOCK

On June 18, 2004, the Company issued 8.6 million new common shares and exchanged them for 15.6 million common shares of Woori Securities, a subsidiary of the Company, in order to wholly own the subsidiary. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,364.4 million) to (Won) 3,920.4 billion (US\$ 3,401.6 million) as of June 30, 2004.

31. ECONOMIC UNCERTAINTIES

The economic environment in the Republic of Korea continues to be volatile. In addition, the Korean government and the private sector continue to implement structural reforms to historical business practices, including corporate governance. The Company and its subsidiaries may be either directly or indirectly affected by these economic conditions and the reform program described above. The accompanying interim financial statements reflect management's assessment of the impact to date of the economic environment on the financial position and results of operations of the Company and its subsidiaries. Actual results may differ materially from management's current assessment.

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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: September 3, 2004

By: /s/ Young Sun Kim

(Signature)

Name: Young Sun Kim

Title: Director