

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

March 31, 2009

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 March 2009

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.

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Form 20-F X Form 40-F _____

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

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

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

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

Summary of FY2008 Business Report

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

I. Company Overview

1. Purpose of the Company

a. Scope of Business

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

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

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

b. Scope of Business of Subsidiaries

(1) Woori Bank

1. Banking business as prescribed by the Banking Act;
2. Trust business; and
3. Other authorized businesses.

(2) Kwangju Bank

1. Banking business as prescribed by the Banking Act;
2. Trust business; and
3. Other authorized businesses.

(3) Kyongnam Bank

1. Banking business as prescribed under the Banking Act;
2. Trust business as prescribed under the Trust Business Act;
3. Other businesses related to the items listed above; and
4. Other authorized businesses.

(4) Woori Investment & Securities

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

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13. Payment guarantees for principal and interests of corporate bonds;
14. Trustee services for bond offerings;
15. Trading and brokering of marketable certificates of deposits;
16. Lottery sales;
17. Real estate leasing;
18. Lending of securities, and related brokerage, arrangement and agency services;
19. Trading of leased securities and related brokerage, arrangement and agency services;

20. Depositary of securities;
21. Asset management and trustee services for securitization specialty companies under asset securitization regulations;
22. Underwriting, brokerage and agency services for securities issued on a private placement basis;
23. Leasing and sales of IT systems and software related to securities business;
24. Advertisement in the form of electronic document;
25. Sales of indirect investment products;
26. Advisory, intermediary and agency services for M&A transactions;
27. Agency services related to securities transactions;
28. Advisory and consulting services related to management, restructuring and financing;
29. Safe deposit box service;
30. Training services related to securities and finance related business;
31. Publication of journals and books;
32. Brokerage and advisory services related to leasing/sales of restructured real estate;
33. Sales of securities analysis;
34. Arrangement of loans to affiliated financial institutions;
35. Other businesses and activities related to the items listed above; and
36. Other businesses approved by relevant regulatory agencies.

(5) Woori Aviva Life Insurance

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1. Life insurance and related businesses:

Development and sale/operation of individual insurance and reinsurance products, including life insurance, accident insurance, illness insurance and pension insurance.

2. Asset management using the following methods:

- Acquisition and use of government bonds, municipal bonds, stocks, debentures or bonds issued by entities established pursuant to special laws

- Acquisition and use of real estate

- Loan services and discount of commercial notes

 - Savings with financial institutions

 - Placing of cash and securities in trusts

 - Other methods in accordance with insurance-related regulations
3. Other insurance activities or other business activities permitted under the Insurance Business Act

(6) Woori Credit Suisse Asset Management

1. Creation/cancellation of investment trusts;
2. Management of investment trust assets;
3. Management of mutual funds;
4. Sales and redemption of indirect investment securities;
5. Investment advisory;
6. Investment executions;
7. Administration of invested companies;
8. Futures trading;
9. Call trading;
10. Bill purchases;
11. Domestic and global economy and capital markets research;
12. Securities dealing;

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13. Publishing investment related books;
14. Real estate leasing;
15. Other activities approved by the Indirect Investment Asset Management Business Act; and
16. Other businesses and activities related to the items listed above.

(7) Woori Financial

1. Rental business in connection with facilities, machineries, construction equipment, automobiles, ships, aircrafts, real estate and their rights;
2. Yearly installment sales;
3. Installment finance;

4. New technology business finance;
 5. Credit and collateralized loans;
 6. Bill discounting;
 7. Acquisitioning, management and collection of account receivables;
 8. Acquisition of receivable of, or related Securities issued by, other finance or leasing companies relating to businesses listed in (1) through (7) above;
 9. Payment guarantee business;
 10. Securitized asset management under asset securitization regulations;
 11. Credit review and related activities in connection with businesses listed in (1) through (10) above;
 12. Real estate rental business;
 13. Corporate restructuring SPC business in accordance with the Industry Development Act;
 14. General partner of private equity funds investing in new technologies;
 15. Rental business for leased goods; and
 16. Other businesses and activities related to the items listed above.
- (8) Woori Finance Information System
1. Development, distribution and management of computer systems;
 2. Consulting services in computer installation and usage;
 3. Distribution, brokerage and lease of computer systems;
 4. Maintenance of computer-related equipment;

5. Publication and distribution of IT-related reports and books;
6. Educational services related to computer usage;
7. Research and outsourcing information processing services;
8. Internet-related businesses;
9. Information processing, telecommunications and information distribution services;
10. Manufacturing and distribution of audio-visual media;
11. Information-processing operations and service systems; and
12. All activities directly or indirectly related to the items listed above.

(9) Woori F&I

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

(10) Woori Private Equity

1. Private equity business;
2. Other asset management activities approved by the Indirect Investment Asset Management Business Act; and
3. Other activities related to the items listed above.

(11) Woori Third Asset Securitization Specialty Co., Ltd.

1. Transfer, management and disposition of the securities and other assets (the securitized assets) and all rights related to the securitized assets of Hanvit Bank (now Woori Bank), Kyongnam Bank, and Woori Credit Card pursuant to the Asset Securitization Law;
2. Offering and redemption of the securitized assets;
3. Preparation and registration of asset securitization plans with the Financial Supervisory Service;
4. Execution of agreements required for the asset securitization plan;
5. Provisional borrowing and other similar procedures for ABS redemption;

6. Investment of surplus funds; and
7. Other activities related to the items listed above.

2. History of the Company

a. Company History

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

| | |
|--------------------|--|
| March 24, 2001 | Official approval from the Financial Supervisory Service for Woori Finance Holdings Co., Ltd. |
| March 27, 2001 | Incorporated as Woori Finance Holdings Co., Ltd. (Total Capital: Won 3.6 trillion) |
| April 2, 2001 | Official launch of Woori Finance Holdings |
| July 16, 2001 | Issued bonds with warrants |
| September 1, 2001 | Hanaro Merchant Bank's name changed to Woori Merchant Bank |
| September 29, 2001 | Woori Finance Information System incorporated as a subsidiary |
| December 3, 2001 | Woori Asset Management incorporated as a subsidiary |
| December 3, 2001 | Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 26, 2001 | Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 31, 2001 | Spin-off and merger of Peace Bank; Launch of Woori Credit Card |
| March 15, 2002 | Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| March 29, 2002 | Woori Investment Trust Management incorporated as a subsidiary |
| May 20, 2002 | Hanvit Bank's name changed to Woori Bank |
| June 11, 2002 | Capital increase through public offering (Total capital: Won 3.8 trillion) |
| June 24, 2002 | Listed on the Korea Stock Exchange |
| July 29, 2002 | Woori Securities incorporated as a subsidiary |
| September 5, 2002 | Executed strategic investment agreement with Lehman Brothers with respect to the management of distressed assets |
| December 23, 2002 | Purchase and acquisition agreement with the credit card division of Kwangju Bank |
| July 31, 2003 | Woori Merchant Bank merged into Woori Bank |

| | |
|--------------------|---|
| September 29, 2003 | Listing on the New York Stock Exchange |
| December 12, 2003 | Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd. |
| March 30, 2004 | Appointment of new management |
| March 31, 2004 | Woori Card merged into Woori Bank |
| June 18, 2004 | Woori Securities becomes a wholly-owned subsidiary |
| December 21, 2004 | Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion) |
| December 24, 2004 | Acquired LG Investment & Securities and incorporated as a subsidiary |
| February 17, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion) |
| March 11, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion) |
| March 31, 2005 | Woori Securities and LG Investment & Securities merged (the name of the surviving entity, LG Investment & Securities, changed to Woori Investment & Securities) |
| May 6, 2005 | Incorporated LG Investment Trust Management from 2 nd tier subsidiary to 1 st tier subsidiary |
| May 31, 2005 | Woori Investment Trust Management and LG Investment Trust Management merged (the name of the surviving entity, LG Investment Trust Management, changed to Woori Asset Management) |
| August 3, 2005 | Dissolution of Woori LB Second Asset Securitization Specialty Co., Ltd. |
| September 5, 2005 | Woori Asset Management becomes a wholly-owned subsidiary through capital reduction and cancellation |
| October 21, 2005 | Woori Private Equity is established and incorporated as a subsidiary |
| October 27, 2005 | Closure of strategic investment agreement with Lehman Brothers |
| February 23, 2006 | Joint venture arrangement between Woori CA Asset Management, a 2 nd tier subsidiary, and Japan's Shinsei Bank (involving a transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank) |

| | |
|--------------------|---|
| April 11, 2006 | Joint venture agreement to transfer 30% of the shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse. |
| May 30, 2006 | Upon the 30% share transfer to Credit Suisse Asset Management International Holdings, Woori Asset Management was renamed Woori Credit Suisse Asset Management. |
| March 30, 2007 | Appointment of new management |
| September 14, 2007 | Acquired Hanmi Capital as a subsidiary (Hanmi Capital was renamed Woori Financial as of October 26, 2007) |
| April 4, 2008 | Acquired LIG Life Insurance as a subsidiary (LIG Life Insurance was renamed Woori Aviva Life Insurance as of April 1, 2008) |
| June 27, 2008 | Appointment of new management |

b. Associated Business Group

(1) Overview of Business Group

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

(2) Related companies within the business group

| Type | Name of Company | Controlling Company | Notes |
|-----------------------------------|---|-------------------------------------|--------------|
| Holding Company | Woori Finance Holdings | Korea Deposit Insurance Corporation | 1 company |
| 1 st Tier Subsidiaries | Woori Bank Kwangju Bank Kyongnam Bank Woori Finance Information System Woori F & I Woori Third Asset Securitization Specialty Woori CS Asset Management Woori Investment & Securities Woori Private Equity Woori Financial Woori Aviva Life Insurance | Woori Finance Holdings | 11 companies |
| 2 nd Tier Subsidiaries | Woori Credit Information Woori America Bank P.T. Bank Woori Indonesia Korea BTL Infrastructure Fund Woori Global Markets Asia Ltd. ZAO Woori Bank Woori Bank (China) Limited | Woori Bank | 29 companies |

| | |
|--|----------------------------------|
| Woori SB Asset Management | |
| Woori F&I Fifth Asset Securitization Specialty Co., Ltd. | |
| Woori F&I Sixth Asset Securitization Specialty Co., Ltd. | |
| Woori F&I Seventh Asset Securitization Specialty Co., Ltd. | Woori F&I |
| Woori F&I Eighth Asset Securitization Specialty Co., Ltd. | |
| Woori F&I Ninth Asset Securitization Specialty Co., Ltd. | |
| Woori SB Tenth Asset Management | |
| Woori F&I Tenth Asset Securitization Specialty Co., Ltd. | |
| Woori Private Equity Fund | Woori Private Equity |
| Woori Futures | |
| Woori Investment & Securities International Ltd. | |
| Woori Investment & Securities (HK) Ltd. | |
| Woori Investment & Securities America Inc. | |
| Mars Private Equity Fund No. 1 | |
| Mars Private Equity Fund No. 2 | |
| Woori Investment Asia Pte. Ltd. | Woori Investment & Securities |
| Mars Private Equity Fund No. 3 | |
| Mars Private Equity Fund No. 4 | |
| Woori Absolute Partners PTE, Ltd. | |
| Woori Absolute Asia Multi Strategy Fund | |
| Woori Absolute Global Opportunity Fund | |
| PT Clemont Securities Indonesia | |

- * Woori Finance Holdings, Woori Investment & Securities and Woori Financial are listed on the Korea Exchange
- * On March 5, 2007, Mars Private Equity Fund No. 2, with KRW 31,500 million paid-in-capital, was included as our 2nd tier subsidiary. Woori Investment & Securities, which owns a 4.76% stake, is its general partner.
- * On March 27, 2007, Nexbi Tech, a subsidiary of Woori Finance Information System, was removed from our list of 2nd tier subsidiaries as the company undertook a second capital reduction (the first capital reduction was as of Oct. 18, 2006), liquidating all the shares held by Woori Finance Information System.
- * On May 23, 2007, Woori F&I Fifth Asset Securitization Specialty Co., Ltd. was included as our 2nd tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.
- * On September 14, 2007, Hanmi Capital was included as our 1st tier subsidiary to strengthen our non-banking business (Hanmi Capital was renamed Woori Financial as of October 26, 2007).
- * On September 20, 2007, Woori Investment Asia Pte. Ltd. was included as our 2nd tier subsidiary. Woori Investment & Securities owns a 100% stake in Woori Investment Asia Pte. Ltd.
- * On October 26, 2007, Woori Bank (China) Limited was included as our 2nd tier subsidiary. Woori Bank owns a 100% stake in Woori Bank (China) Limited.
- * On November 22, 2007, ZAO Woori Bank was included as our 2nd tier subsidiary. Woori Bank owns a 100% stake in ZAO Woori Bank, excluding one ZAO Woori Bank share which is owned by a related party of Woori Bank in order to comply with Russian regulations on single shareholder limitations.

- * On December 12, 2007, Woori F&I Sixth Asset Securitization Specialty Co., Ltd. and Woori F&I Seventh Asset Securitization Specialty Co., Ltd. were included as our 2nd tier subsidiaries. Woori F&I Co., Ltd. owns a 100% stake in each of these two subsidiaries.
- * On March 18, 2008, Mars Private Equity Fund No. 3, with an expected paid-in-capital of KRW 51 billion, was included as our 2nd tier subsidiary. Woori Investment & Securities, as its general partner, will have contributed 1.96% of the capital of Mars Private Equity Fund No. 3.
- * On April 3, 2008, Woori F&I Eighth Asset Securitization Specialty Co., Ltd. was included as our 2nd tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.
- * On April 4, 2008, LIG Life Insurance was included as our 1st tier subsidiary (LIG Life Insurance was renamed Woori Aviva Life Insurance as of April 1, 2008).
- * On May 14, 2008, Mars Private Equity Fund No. 4, with an expected paid-in-capital of KRW 51 billion, was included as our 2nd tier subsidiary. Woori Investment & Securities, as its general partner, will have contributed 0.99% of the capital.
- * On May 29, 2008, Woori Absolute Partners Pte. Ltd., an investment advisory service company wholly-owned by Woori Investment & Securities and established in Singapore to manage offshore funds, was included as our 2nd tier subsidiary.
- * On June 27, 2008, Woori SB Tenth Asset Securitization Specialty Co., Ltd. was included as our 2nd tier subsidiary. Woori F&I owns a stake of 50% plus one share in the company.
- * On July 21, 2008, Woori Absolute Asia Multi Strategy Fund, an offshore financial company wholly-owned by Woori Investment & Securities, was included as our 2nd tier subsidiary.
- * On July 21, 2008, Woori Absolute Global Opportunity Fund, an offshore financial company wholly-owned by Woori Investment & Securities, was included as our 2nd tier subsidiary.
- * On September 9, 2008, Woori F&I Ninth Asset Securitization Specialty Co., Ltd. was included as our 2nd tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.
- * On March 3, 2009, PT Clemont Securities Indonesia was included as our 2nd tier subsidiary. Woori Investment & Securities owns a 60% stake in PT Clemont Securities Indonesia.
- * On March 12, 2009, Woori F&I Tenth Asset Securitization Specialty Co., Ltd. was included as our 2nd tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.

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

(units: Won, shares)

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

b. Anticipated Changes in Capital

Not applicable

c. Convertible Bonds

Not applicable

4. Total Number of Authorized Shares

a. Total Number of Authorized Shares

As of December 31, 2008 (units: shares)

| Items | Type | |
|-----------------------------------|---------------|---------------|
| | Common Shares | Total |
| Total number of shares authorized | 2,400,000,000 | 2,400,000,000 |
| Total number of issued stock | 806,015,340 | 806,015,340 |
| Treasury stock | 2,560 | 2,560 |
| Free float shares | 806,012,780 | 806,012,780 |

b. Capital and Price per Share

As of December 31, 2008 (units: Won, shares)

| Type | Common Stock | Capital | | | Price per share | | |
|------------|--------------|-------------------|----------------------------|--------------------------------|---------------------|-----------------------------------|-----------------------------|
| | | Capital | Par value of issued shares | Par value of free float shares | Par value per share | Capital ÷ number of shares issued | Capital ÷ free float shares |
| Registered | | 4,030,076,700,000 | 4,030,076,700,000 | 4,030,063,900,000 | 5,000 | 5,000 | 5,000 |
| Total | | 4,030,076,700,000 | 4,030,076,700,000 | 4,030,063,900,000 | 5,000 | 5,000 | 5,000 |

c. Treasury Stock

As of December 31, 2008 (units: shares)

| Acquisition Method | Type of Stock | Beg. | Acquired | Disposal | Canceled | End | Remarks |
|--|---------------|------|----------|----------|----------|-------|---------|
| Direct purchase under Sub-section 1, section 189-2 | Common | | | | | | |
| | Preferred | | | | | | |
| Direct purchase other than the conditions under Sub-section 1, section 189-2 | Common | | 2,560 | | | 2,560 | |
| | Preferred | | | | | | |
| Subtotal | Common | | 2,560 | | | 2,560 | |
| | Preferred | | | | | | |
| Indirect acquisition from trust agreement | Common | | | | | | |
| | Preferred | | | | | | |
| Total | Common | | 2,560 | | | 2,560 | |
| | Preferred | | | | | | |

* Woori Financial Holdings acquired additional treasury shares in respect of fractional shares resulting from share exchange for Woori Securities.

d. Status of Employee Stock Option Program

Not applicable

5. Voting Rights

As of December 31, 2008

(units: shares)

| Items | | Number of stock | Notes |
|---|------------------|-----------------|-------|
| Total number of shares | Common Shares | 806,015,340 | |
| | Preferred Shares | | |
| Stocks without voting rights | Common Shares | | |
| | Preferred Shares | | |
| Stocks with limited voting rights under the Securities & Exchange Law | | 2,560 | |
| Stocks with voting rights restored | | | |
| Stocks with voting rights | Common Shares | 806,012,780 | |
| | Preferred Shares | | |

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

(Non-consolidated)

(Unit: Won)

| Items | | 2008 | 2007 | 2006 |
|--|------------------|-----------|-----------|-----------|
| Par value per share (Won) | | 5,000 | 5,000 | 5,000 |
| Net profit (Won in Millions) | | 454,478 | 1,943,560 | 2,029,319 |
| Earnings per share (Won) | | 564 | 2,411 | 2,518 |
| Profit available for dividend distribution (Won in Millions) | | 6,539,848 | 6,274,948 | 5,017,365 |
| Total cash payout (Won in Millions) | | | 201,503 | 483,608 |
| Total stock dividends (Won in Millions) | | | | |
| Propensity to cash dividends (%) | | | 10.37 | 23.83 |
| Cash dividend yield (%) | Common Shares | | 1.29 | 2.71 |
| | Preferred Shares | | | |
| Stock dividend yield (%) | Common Shares | | | |
| | Preferred Shares | | | |
| Cash dividend per share (Won) | Common Shares | | 250 | 600 |
| | Preferred Shares | | | |
| Stock dividend per share (Won) | Common Shares | | | |
| | Preferred Shares | | | |

II. Description of Business

1. Business Overview

a. Organizational Chart

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

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

b. Financing of Operations

(1) Source of Funds

(units: millions of Won)

| Items | 2008 | 2007 | 2006 |
|---------------------|------------|------------|------------|
| Shareholders Equity | 12,207,338 | 13,062,368 | 11,933,072 |
| Capital | 4,030,077 | 4,030,077 | 4,030,077 |
| Capital Surplus | 186,959 | 187,554 | 84,488 |
| Retained Earnings | 7,323,148 | 7,058,269 | 5,597,545 |
| Capital Adjustments | 667,154 | 1,786,488 | 2,220,962 |
| Borrowings | 3,412,854 | 2,129,288 | 1,860,449 |
| Debtentures | 3,393,702 | 2,116,679 | 1,847,591 |
| Bank Borrowings | | | |
| Commercial Paper | | | |
| Other Borrowings | | | |
| Other Liabilities | 19,152 | 12,609 | 12,858 |
| Total | 15,620,192 | 15,191,656 | 13,793,521 |

* The figures for fiscal years 2006 and 2007 have been adjusted to reflect our adoption of Statements of Korea Accounting Standard No. 15 (Equity method accounting).

* The figures for fiscal year 2007 have been adjusted to take into account the effects of the revisions to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments.

(2) Use of Funds

(units: millions of Won)

| Items | 2008 | 2007 | 2006 |
|---|------------|------------|------------|
| Subsidiary Stock | 15,285,356 | 15,062,711 | 13,591,413 |
| Woori Bank | 11,900,128 | 12,196,954 | 11,297,882 |
| Kyongnam Bank | 1,245,318 | 923,555 | 794,984 |
| Kwangju Bank | 920,938 | 726,256 | 630,995 |
| Woori Financial Information System | 13,076 | 10,080 | 11,245 |
| Woori F&I | 139,999 | 144,746 | 124,874 |
| Woori 3 rd Asset Securitization Specialty | | 1,885 | 24,317 |
| Woori Investment & Securities | 709,114 | 735,983 | 649,355 |
| Woori CS Asset Management (formerly Woori Asset Management) | 41,296 | 49,895 | 47,655 |
| Woori Private Equity | 12,844 | 11,949 | 10,106 |
| Woori Financial | 228,456 | 261,408 | |
| Woori Aviva Life Insurance | 74,187 | | |
| Investment Securities | | | |
| Loan Obligations | 169,150 | | 49,750 |
| Tangible Assets | 566 | 438 | 630 |
| Intangible Assets | 14 | 20 | 30 |
| Cash | 119,350 | 32,502 | 89,724 |
| Other Assets | 45,756 | 95,985 | 61,974 |
| Total | 15,620,192 | 15,191,656 | 13,793,521 |

* The figures for fiscal years 2006, 2007 and 2008 have been adjusted to reflect our adoption of Statements of Korea Accounting Standard No. 15 (Equity method accounting).

* The figures for fiscal year 2007 have been adjusted to take into account the effects of the revisions to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments.

c. Transactions related to Commission Fees

(units: millions of Won)

| Category | 2008 | 2007 | 2006 |
|-------------------------|---------|---------|---------|
| Commission Revenue (A) | | | |
| Commission Expense (B) | 7,119 | 5,916 | 7,613 |
| Commission Profit (A-B) | (7,119) | (5,916) | (7,613) |

3. Other Information Relevant to Investment Decisions**a. BIS Ratio**

(units: millions of Won)

| Items | 2008 | 2007 | 2006 |
|--------------------------|-------------|-------------|------|
| Total Capital (A) | 22,570,998 | 20,102,976 | |
| Risk weighted assets (B) | 207,141,410 | 174,367,585 | |
| BIS Ratio (A/B) | 10.90% | 11.53% | |

* Applied since January 1, 2007.

b. Credit Ratings for the Past Three Years

| Date of Rating | Evaluated Securities | Credit Rating | Company (Ratings Range) | Evaluation Category |
|----------------|----------------------|---------------|-------------------------|---------------------|
| 2005.06.07 | | BBB | S&P (AAA ~ D) | Case evaluation |
| 2005.06.09 | Debentures | AAA | KIS Ratings (AAA ~ D) | Case evaluation |
| 2005.06.13 | Debentures | AAA | Korea Ratings (AAA ~ D) | Case evaluation |
| 2005.09.16 | Debentures | AAA | NICE (AAA ~ D) | Case evaluation |
| 2005.09.20 | Debentures | AAA | KIS Ratings (AAA ~ D) | Case evaluation |
| 2005.10.24 | | BBB+ | Fitch Rating (AAA ~ D) | Case evaluation |
| 2006.08.10 | | Baa2 | Moody s (Aaa ~ C) | Case evaluation |
| 2006.09.07 | | Baa1 | Moody s (Aaa ~ C) | Case evaluation |
| 2007.05.07 | | A2 | Moody s (Aaa ~ C) | Case evaluation |
| 2007.08.17 | Debentures | AAA | NICE (AAA ~ D) | Case evaluation |
| 2007.08.17 | Debentures | AAA | KIS Ratings (AAA ~ D) | Case evaluation |
| 2007.11.27 | Debentures | AAA | NICE (AAA ~ D) | Case evaluation |
| 2007.11.27 | Debentures | AAA | Korea Ratings (AAA ~ D) | Case evaluation |
| 2008.04.03 | Debentures | AAA | KIS Ratings (AAA ~ D) | Case evaluation |
| 2008.04.03 | Debentures | AAA | NICE (AAA ~ D) | Case evaluation |
| 2008.06.04 | | BBB+ | S&P (AAA ~ D) | Case evaluation |
| 2008.06.12 | | AAA | NICE (AAA ~ D) | Case evaluation |

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| | | | | |
|------------|------------|-----|-------------------------|-----------------|
| 2008.06.16 | Debentures | AAA | Korea Ratings (AAA ~ D) | Case evaluation |
| 2008.09.12 | Debentures | AAA | NICE (AAA ~ D) | Case evaluation |
| 2008.09.16 | Debentures | AAA | Korea Ratings (AAA ~ D) | Case evaluation |
| | Debentures | | | |

c. **Won-denominated Current Ratio**

(units: millions of Won)

| Items | 2008 | 2007 | 2006 | 2005 |
|-------------------------|---------|---------|---------|---------|
| Current Assets (A) | 119,566 | 32,874 | 117,037 | 111,091 |
| Current Liabilities (B) | 18,376 | 12,207 | 12,496 | 18,216 |
| Current Ratio (A/B) | 650.66% | 269.30% | 936.60% | 609.85% |

* **Current ratio**

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

d. Foreign Currency-denominated Current Ratio

(units: millions of Won)

| Items | 2008 | 2007 | 2006 | 2005 |
|-------------------------|------|------|------|------|
| Current Assets (A) | | | | |
| Current Liabilities (B) | | | | |
| Current Ratio (A/B) | | | | |

*** Current ratio**

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

e. Debt Ratio

(units: millions of Won)

| Items | 2008 | 2007 | 2006 | 2005 |
|------------------|------------|---------------|------------|-----------|
| Liabilities (A) | 3,412,854 | 2,129,288 | 1,860,448 | 2,314,418 |
| Equity (B) | 12,207,338 | (*)13,062,368 | 11,933,072 | 9,717,364 |
| Debt Ratio (A/B) | 27.96% | 16.30% | 15.59% | 23.80% |

* The figures for fiscal years 2005, 2006, 2007 and 2008 have been adjusted to reflect our adoption of Statements of Korea Accounting Standard No. 15 (Equity method accounting).

* The figures for fiscal year 2007 have been adjusted to take into account the effects of the revisions to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments.

III. Financial Information

I. Condensed Financial Statements (Consolidated)

(units: millions of Won)

| Items | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash and Due from Banks | 19,967,897 | 14,984,541 | 10,674,977 | 11,224,015 | 6,530,065 |
| Securities | 46,714,465 | 48,228,254 | 46,313,960 | 37,693,090 | 29,175,271 |
| Loans | 197,040,672 | 167,635,411 | 140,854,505 | 106,937,970 | 91,482,647 |
| Tangible Assets | 2,796,537 | 2,638,774 | 2,561,391 | 2,472,727 | 2,410,106 |
| Other Assets | 24,474,724 | 16,165,322 | 11,592,497 | 6,215,046 | 7,003,875 |
| Total Assets | 290,994,295 | 249,652,302 | 211,997,330 | 164,542,848 | 136,601,964 |
| Deposits | 170,224,891 | 146,583,312 | 129,022,868 | 107,087,990 | 92,148,907 |
| Borrowings | 74,717,758 | 66,040,316 | 54,111,207 | 37,116,858 | 27,910,757 |
| Other Liabilities | 31,743,043 | 22,011,382 | 15,438,450 | 9,233,038 | 7,837,020 |
| Total Liabilities | 276,685,692 | 234,635,010 | 198,572,525 | 153,437,886 | 127,896,684 |
| Common Stock | 4,030,077 | 4,030,077 | 4,030,077 | 4,030,077 | 3,982,278 |
| Consolidated Capital Surplus | 186,959 | 187,555 | 187,955 | 142,608 | 170,960 |
| Consolidated Capital Adjustment | (57,219) | (55,812) | (55,854) | (52,747) | (48,254) |
| Consolidated Other Comprehensive Income | 724,366 | 1,842,294 | 2,173,342 | 1,705,456 | 1,014,211 |
| Consolidated Retained Earnings | 7,323,149 | 7,058,249 | 5,601,869 | 3,896,255 | 2,333,145 |
| Minority Interest | 2,101,271 | 1,954,929 | 1,487,416 | 1,383,313 | 1,252,940 |
| Total Stockholder s Equity | 14,308,603 | 15,017,292 | 13,424,805 | 11,104,962 | 8,705,280 |
| Operating Revenue | 86,901,262 | 26,650,125 | 19,895,975 | 14,564,520 | 13,542,554 |
| Operating Income | 1,115,506 | 2,915,662 | 2,748,368 | 2,004,494 | 1,137,600 |
| Net Profit before Tax | 1,190,247 | 2,923,217 | 2,913,712 | 2,145,704 | 1,192,574 |
| Aggregated Net Profit | 588,502 | 2,114,360 | 2,189,207 | 1,833,521 | 1,261,052 |
| Net Profit for Majority Shareholders | 454,478 | 1,939,238 | 2,029,319 | 1,688,221 | 1,261,925 |
| Net Profit for Minority Shareholders | 134,024 | 175,122 | 159,888 | 145,300 | (873) |
| No. of Companies Consolidated | 38 | 30 | 24 | 21 | 24 |

* The figures for fiscal year 2007 have been adjusted to take into account the effects of the revisions to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments.

2. Accounting Information

a. Loan Loss Reserves

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

(units: millions of Won)

| Period | Item | Total Credits | Loan Loss Reserves | Provisioning Ratio |
|--------|-------|---------------|--------------------|--------------------|
| 2008 | Loans | 170,000 | 850 | 0.5% |
| | Total | 170,000 | 850 | 0.5% |
| 2007 | Loans | | | |
| | Total | | | |
| 2006 | Loans | 50,000 | 250 | 0.5% |
| | Total | 50,000 | 250 | 0.5% |

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

(units: millions of Won)

| Item | 2008 | 2007 | 2006 |
|---------------------------------------|------|-------|-------|
| 1. Initial loan loss reserves balance | 0 | 250 | 550 |
| 2. Net credit costs | | | |
| 1) Write-offs | | | |
| 2) Recovery of written-off assets | | | |
| 3) Other changes | | | |
| Recovery of credit costs | 850 | (250) | (300) |
| Ending loan loss reserve balance | 850 | 0 | 250 |

3. Notes on Consolidated Financial Statements

(1) Auditor's opinion

| Item | 2008 | 2007 | 2006 |
|-------------------|---|---|---|
| Auditor's Opinion | Anjin (Deloitte Anjin) Unqualified Opinion | Anjin (Deloitte Anjin) Unqualified Opinion | Anjin (Deloitte Anjin) Unqualified Opinion |

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

| | | |
|------------------------|------------------------|------------------------|
| 2008 | 2007 | 2006 |
| Anjin (Deloitte Anjin) | Anjin (Deloitte Anjin) | Anjin (Deloitte Anjin) |

2. Compensation to the Independent Auditor for the Past Three Years
a. Auditing Service

(units: millions of Won, hours)

| Year | Auditor | Activity | Compensation | Accrued Time (hrs) |
|------|------------------------|--|--------------|--------------------|
| 2008 | Anjin (Deloitte Anjin) | Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated) | 360 | 4,957 |
| 2007 | Anjin (Deloitte Anjin) | Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated) | 340 | 4,936 |
| 2006 | Anjin (Deloitte Anjin) | Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated) | 320 | 5,210 |

b. Compensation for Services Other than the Audit

(units: in millions of won, unless otherwise indicated)

| Year | Contract Date | Activity | Period | Comp. | Note |
|------|---------------|--------------------------|----------------|-------|----------------|
| 2008 | 2009.01.07 | US GAAP and SOX Auditing | 2008.12~2009.5 | 3,340 | Deloitte Anjin |
| 2007 | 2008.01.24 | US GAAP and SOX Auditing | 2007.12~2008.5 | 3,530 | Deloitte Anjin |
| 2006 | 2006.12.15 | US GAAP and SOX Auditing | 2006.12~2007.5 | 3,530 | Deloitte Anjin |

V. Corporate Governance and Affiliated Companies

1. Overview of the Corporate Governance

a. About the Board of Directors

(1) Board of Directors

A. Duties of Boards of Directors

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

B. Information Regarding the Board of Directors

The following information was stated in the notice to the shareholders of the annual general meeting and details of the agenda filed in Korea on March 10, 2009.

Ø Third Resolution: Appointment of Non-standing Directors

| Name | Date of Birth | Term / Appointment | Career & Academic Background | Relationship with Largest Shareholder | Transactions with the Company in the Past Three Years |
|----------------------|---------------|----------------------------|--|---------------------------------------|---|
| Min Joon Bang | Oct. 29, 1950 | 1 year / Re-appointment | - Arbitration Commissioner of Press Arbitration Commission - Head of Editorial Desk, Korea Times | None | None |
| Hi Taek Shin | Aug. 6, 1952 | 1 year / Re-appointment | - Bachelor of Korean Language and Literature, Seoul National University - Current) Professor of College of Law, Seoul National University - Lawyer, Kim & Chang Law Firm | None | None |

| | | | | | |
|---------------------|---------------|-----------------------------|--|------|------|
| | | | - Bachelor of Laws, Seoul National University | | |
| | | | - Master of Laws, Seoul National University | | |
| | | | - J.S.D at Yale Law School | | |
| | | | - Current) Executive Director, Market Economy Research Institute | None | None |
| | | | - Chief Executive Officer, Korea Minting and Security Printing Corporation | | |
| Hi Bock Kang | June 14, 1946 | 1 year / New appointment | - Bachelor of Public Administration, Seoul National University | | |
| | | | - Graduate School of Public Administration, Seoul National University | | |
| | | | - Current) Advisor, Kim & Chang Law Firm | None | None |
| | | | - Chairman, Market Oversight Commission of Korea Exchange | | |
| Young Ho Lee | Jan. 19, 1949 | 1 year / New appointment | - Assistant Governor, Financial Supervisory Service | | |
| | | | - Bachelor of Laws, Korea University | | |

| | | | | | |
|--------------------|---------------|-----------------------------|--|---|------|
| | | | - Current) Director General of Department of Planning & Coordination, Korea Deposit Insurance Corporation | Employee of the majority shareholding company | None |
| Hak Jin Kim | Nov. 24, 1956 | 1 year / New appointment | - General Manager of Human Resources Development Department, Korea Deposit Insurance Corporation | | |
| | | | - Bachelor of Economics, Chung-Ang University - Current) Professor of College of Business Administration, Korea University | None | None |
| | | | - President, Korea Advertising Society | | |
| Doo Hee Lee | Jun. 12, 1957 | 1 year / New appointment | - Bachelor of Business Administration, Korea University - Master of Business Administration, University of Wisconsin-Madison - Ph.D. in Business Administration, University of Wisconsin-Madison | | |
| | | | - Current) Co-Head, The Lawyers for Citizens | None | None |
| Hun Lee | Dec. 8, 1961 | 1 year / New appointment | - Lawyer, Barun Law - Bachelor of Law, Chung-Ang University | | |

C. Appointment of Non-standing Directors

Pursuant to Article 42 of the Articles of Association and Article 5 of the non-standing director candidate nomination committee regulations, a non-standing director is recommended by the non-standing director candidate nomination committee and elected at a shareholders' meeting.

* Article 42 (Committees)

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

- (a) Board of Directors Management Committee
- (b) Management Compensation Committee
- (c) Risk Management Committee
- (d) Executive Management Committee
- (e) Ethics Management Committee
- (f) Non-Standing Director Candidate Nomination Committee
- (g) MOU Review Committee
- (h) Audit Committee
- (i) Audit Committee Member Candidate Nomination Committee

D. Committees within Board of Directors

(After March 27, 2009)

| Name | Position | Notes |
|---|-----------------|--|
| Board of Directors Management Committee | Pal Seung Lee | Chairman and CEO Pal Seung Lee heads this committee consisting of the heads of the sub-committees. |
| | Hi Bock Kang | |
| | Young Ho Lee | |
| | Min Joon Bang | |
| | Hi Taek Shin | |

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| | | |
|-----------------------------------|---------------|--|
| Management Compensation Committee | Young Ho Lee | Non-standing director Young Ho Lee heads this committee consisting of no fewer than three non-standing directors. |
| | Hi Taek Shin | |
| | Doo Hee Lee | |
| Risk Management Committee | Pal Seung Lee | Chairman and CEO Pal Seung Lee heads this committee. The committee consists of the Chairman and CEO, CFO and no fewer than three non-standing directors. |
| | Hi Bock Kang | |
| | Young Ho Lee | |
| | Hak Jin Kim | |
| | Hun Lee | |
| Executive Management Committee | Pal Seung Lee | Chairman and CEO Pal Seung Lee heads the committee consisting of all executive directors. |
| Ethics Management Committee | Pal Seung Lee | Non-standing director Min Joon Bang heads this committee consisting of all executive directors and no fewer than two non-standing directors. |
| | Min Joon Bang | |
| | Hak Jin Kim | |
| | Doo Hee Lee | |
| | Hun Lee | |

| | | |
|---------------------------------|---------------|--|
| Non-Standing Director Candidate | Pal Seung Lee | Non-standing director Hi Bock Kang heads this committee consisting of the Chairman and CEO and no fewer than three non-standing directors. |
| Nomination Committee | Hi Bock Kang | |
| | Hak Jin Kim | |
| | Doo Hee Lee | |
| MOU Review Committee | Hun Lee | Chairman and CEO Pal Seung Lee heads this committee consisting of the entire board of directors. |
| | Pal Seung Lee | |
| | Hi Bock Kang | |
| | Young Ho Lee | |
| | Min Joon Bang | |
| | Hi Taek Shin | |
| | Hak Jin Kim | |
| | Doo Hee Lee | |
| Audit Committee | Hun Lee | All non-standing directors are members of audit committee |
| | Hi Bock Kang | |
| | Young Ho Lee | |
| | Min Joon Bang | |
| | Hi Taek Shin | |
| | Hak Jin Kim | |
| | Doo Hee Lee | |
| Audit Committee Member | Hun Lee | Non-standing director Hi Bock Kang heads this committee consisting of all executive directors. |
| | Hi Bock Kang | |
| Candidate Nomination Committee | Young Ho Lee | |
| | Min Joon Bang | |
| | Hi Taek Shin | |
| | Hak Jin Kim | |
| | Doo Hee Lee | |
| Committee | Hun Lee | |
| | | |
| | | |

2. Related Companies

* Woori Finance Holdings stake in Woori Investment & Securities includes preferred shares.

3. Investments in Other Companies

As of December 31, 2008

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

| Type | Name | Beginning Balance | | | Changes ¹ | | Ending Bal. | | | Latest Net Income ² | Note (Equity Method Gain/Loss) |
|----------|------------------------------------|-------------------|-------|------------|----------------------|-----------|-------------|-------|------------|--------------------------------|--------------------------------|
| | | Quantity | Share | Cost | Quantity | Cost | Quantity | Share | Cost | | |
| DOMESTIC | Woori Bank | 635,957 | 100.0 | 12,196,954 | 70,000 | (296,826) | 705,957 | 100.0 | 11,900,128 | 233,976 | 250,120 |
| | Kwangju Bank | 44,080 | 99.9 | 726,256 | 5,333 | 194,682 | 49,413 | 99.9 | 920,938 | 103,358 | 103,246 |
| | Kyongnam Bank | 51,800 | 99.9 | 923,555 | 6,250 | 321,763 | 58,050 | 99.9 | 1,245,318 | 210,202 | 211,607 |
| | Woori Finance Info Sys. | 900 | 100.0 | 10,080 | | 2,996 | 900 | 100.0 | 13,076 | 2,420 | 2,995 |
| | Woori F&I | 2,000 | 100.0 | 144,746 | | (4,747) | 2,000 | 100.0 | 139,999 | 22,892 | 22,801 |
| | Woori 3 rd SPC | 2 | 100.0 | 1,885 | | (1,885) | 2 | 100.0 | | (153) | (153) |
| | Woori Investment & Securities | 46,325 | 35.0 | 735,983 | | (26,869) | 46,325 | 35.0 | 709,114 | 325,858 | 61,688 |
| | Woori CS Asset Management | 4,663 | 70.0 | 49,895 | | (8,599) | 4,663 | 70.0 | 41,296 | 14,351 | 495 |
| | Woori Private Equity | 2,000 | 100.0 | 11,949 | | 895 | 2,000 | 100.0 | 12,844 | 1,093 | 1,081 |
| | Woori Financial | 8,500 | 50.1 | 261,408 | | (32,952) | 8,500 | 50.1 | 228,456 | 12,503 | (32,919) |
| | Woori Aviva Life Insurance Foreign | | | | 3,060 | 74,187 | 3,060 | 51.0 | 74,187 | 6,927 | (2,183) |
| | Total | 796,227 | | 15,062,711 | 84,643 | 222,645 | 880,870 | | 15,285,356 | 933,427 | 618,778 |

- The changes in quantity and cost are calculated from the increase or decrease under the equity method.
- The figures for the latest net income stated above are for the fiscal year ended December 31, 2008, except for the figures for the latest net income of Woori Credit Suisse Asset Management, Woori Investment & Securities and Woori Aviva Life Insurance, which are for the fiscal year ended March 31, 2008.
- The figures have been adjusted to reflect our adoption of Statements of Korea Accounting Standard No. 15 (Equity method accounting). The figures for fiscal year 2007 have been adjusted to take into account the effects of the revisions to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments.
- Woori Aviva Life Insurance was included as a subsidiary as of April 4, 2008.

VI. Stock Information**1. Stock Distribution****a. Stock Information of the Largest Shareholder and Specially Related Parties**

As of December 31, 2008

(units: shares, %)

| Name | Relation | Type | Beginning balance | | Shares Held | | Ending balance | | Reasons Behind Change |
|-------|-------------|-----------|-------------------|-------|-------------|-----|----------------|-------|-----------------------|
| | | | Stock | Share | (+) | (-) | Stock | Share | |
| KDIC | Largest S/H | Common | 588,158,609 | 72.97 | | | 588,158,609 | 72.97 | |
| | | Common | 588,158,609 | 72.97 | | | 588,158,609 | 72.97 | |
| | | Preferred | | | | | | | |
| Total | | Total | 588,158,609 | 72.97 | | | 588,158,609 | 72.97 | |

Largest Shareholder: KDIC

b. Share Ownership of More Than 5%

As of December 31, 2008

(units: shares, %)

| No. | Name | Common Stock | | Preferred Stock | | Total | |
|-------|------|---------------|-------|-----------------|---|---------------|-------|
| | | No. of shares | % | No. of shares | % | No. of shares | % |
| 1 | KDIC | 588,158,609 | 72.97 | | | 588,158,609 | 72.97 |
| Total | | 588,158,609 | 72.97 | | | 588,158,609 | 72.97 |

c. Shareholder Distribution

As of December 31, 2008

| Items | Shareholder | | Number of shares | Ratio(%) |
|------------------------------------|-------------|----------|------------------|----------|
| | number | Ratio(%) | | |
| Total Minority Shareholders | 77,012 | 100.00 | 209,454,431 | 25.99 |
| Minority Shareholders (Companies) | 1,073 | 1.39 | 146,935,896 | 18.23 |
| Minority Shareholders (Individual) | 75,939 | 98.60 | 62,518,535 | 7.76 |
| Largest Shareholders, etc. | 1 | | 588,158,609 | 72.97 |
| Main Shareholders | | | | |
| Total Other Shareholders | 1 | | 8,399,560 | 1.04 |
| Others Shareholders (Companies) | 1 | | 8,399,560 | 1.04 |
| Others Shareholders (Individuals) | | | | |
| Others | 1 | | 2,740 | |
| Total | 77,015 | 100.0 | 806,015,340 | 100.00 |

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

a. Domestic Stock Market

(units: Won, shares)

| Period (in 2008) | | July | August | September | October | November | December |
|-----------------------------|------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| Common Stock | High | 16,650 | 16,350 | 15,150 | 13,300 | 8,230 | 7,740 |
| | Low | 13,250 | 13,850 | 11,700 | 6,730 | 5,050 | 6,200 |
| Monthly Trade Volume | | 88,331,889 | 59,419,588 | 147,425,880 | 234,017,713 | 276,420,972 | 192,996,394 |

b. Foreign Stock Market (NYSE)

(units: US Dollars, ADR)

| Period (in 2008) | | July | August | September | October | November | December |
|-----------------------------|------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| ADR | High | 48.60 | 48.09 | 41.77 | 32.45 | 19.41 | 17.40 |
| | Low | 39.49 | 39.03 | 26.26 | 14.63 | 8.72 | 12.05 |
| Monthly Trade Volume | | 180,400 | 114,800 | 482,900 | 581,700 | 447,900 | 634,500 |

VII. Directors and Employee Information**1. Directors**

| Position | | Name | Common Stocks |
|--------------------------|----------------|-----------------|-----------------------------|
| | | | Owned (As of Dec. 31, 2008) |
| Chairman and CEO | Registered | Pal Seung Lee | 15,000 |
| Senior Managing Director | Non-Registered | Kyung Dong Kim | 2,000 |
| Senior Managing Director | Non-Registered | Seong Mok Park | 1,500 |
| Senior Managing Director | Non-Registered | Dong Il Kim | 1,150 |
| Senior Managing Director | Non-Registered | Gong Pil Choi | |
| Managing Director | Non-Registered | In Chul Park | 1,000 |
| Managing Director | Non-Registered | Sook Kyo Kwon | 1,000 |
| Managing Director | Non-Registered | Jong Oun Kim | 1,500 |
| Non-standing Director | Registered | Pyoung Wan Har | 1,110 |
| Non-standing Director | Registered | Kwang Dong Kim | 160 |
| Non-standing Director | Registered | Bong Soo Park | 870 |
| Non-standing Director | Registered | Inbong Ha | 1,310 |
| Non-standing Director | Registered | Min Joon Bang | |
| Non-standing Director | Registered | Hi Taek Shin | |
| Non-standing Director | Registered | Myoung Soo Choi | |

2. Employee Status

As of December 31, 2008

(units: persons, thousands of Won)

| Items | Staff | | | | Average | Yearly Compensation | Average Compensation Per Person | Note |
|--------|--------|-------|-------|-------|-----------------------|---------------------|---------------------------------|------|
| | Admin. | Manu. | Misc. | Total | Tenure | | | |
| | | | | | Years | | | |
| Male | 109 | | 1 | 110 | 2 years and 9 months | 5,293,836 | 48,125 | |
| Female | 12 | | 9 | 21 | 3 years and 8 months | 553,215 | 26,343 | |
| Total | 121 | | 10 | 131 | 2 years and 10 months | 5,847,051 | 44,633 | |

3. Labor Union Membership

| Items | Details | Remarks |
|------------------------------|---------------------------|---------|
| Total Membership Base | Deputy Director and below | |
| Actual Members | 21 | |
| Full-time Members | | |
| Associated Labor Union Group | | |
| Miscellaneous | | |

4. Number of Professional Personnel

| Items | Number | Responsibilities | Remarks |
|-------|--------|------------------|---------|
|-------|--------|------------------|---------|

CPA

2

Financial accounting

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VIII. Related Party Transactions

1. Transactions with Affiliated Parties

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

(units: millions of Won)

| Name | Relation | Item | Beg. | Changes | | End | Notes |
|-----------------|------------|------------|------|---------|---|---------|-------|
| | | | | + | - | | |
| Woori Financial | Subsidiary | Other loan | | 170,000 | | 170,000 | |
| Total | | | | 170,000 | | 170,000 | |

b. Payment Transactions

(units: shares)

| Name | Relation | Types of Shares | Capital Contribution and Share Disposal Transactions | | | Notes |
|--|------------|-----------------|--|------------|----------|-------------|
| | | | Beginning | Increase | Decrease | |
| Woori Bank | Subsidiary | Common stock | 635,956,580 | 70,000,000 | | 705,956,580 |
| Kwangju Bank | Subsidiary | Common stock | 44,080,000 | 5,333,333 | | 49,413,333 |
| Kyongnam Bank | Subsidiary | Common stock | 51,800,000 | 6,249,944 | | 58,049,944 |
| Woori Finance Info Sys. | Subsidiary | Common Stock | 900,000 | | | 900,000 |
| Woori F&I | Subsidiary | Common Stock | 2,000,000 | | | 2,000,000 |
| Woori Third Asset Securitization Specialty | Subsidiary | Invested Shares | 2,000 | | | 2,000 |
| Woori Investment & Securities | Subsidiary | Common Stock | 46,324,981 | | | 46,324,981 |
| Woori CS Asset Management | Subsidiary | Common Stock | 4,663,400 | | | 4,663,400 |
| Woori Private Equity | Subsidiary | Common Stock | 2,000,000 | | | 2,000,000 |
| Woori Financial | Subsidiary | Common Stock | 8,499,955 | | | 8,499,955 |
| Woori Aviva Life Insurance | Subsidiary | Common Stock | | 3,060,000 | | 3,060,000 |
| Total | | | 796,226,916 | 84,643,327 | | 880,870,243 |

EXHIBIT A

FINANCIAL STATEMENTS

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WOORI FINANCE HOLDINGS CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

AND INDEPENDENT AUDITORS' REPORT

Audit.Tax.Consulting.Financial Advisory.

Independent Auditors Report

English Translation of a Report Originally Issued in Korean

To Shareholders and the Board of Directors of

Woori Finance Holdings Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Woori Finance Holdings Co., Ltd. (the Company) and its subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years ended December 31, 2008 and 2007, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Woori Investment Securities Co., Ltd., a consolidated subsidiary of the Company, which statements reflect total assets constituting 6.1% ((Won)17,710 billion) and 6.1% ((Won)15,193 billion) of consolidated total assets as of December 31, 2008 and 2007, respectively, and total revenues constituting 7.8% ((Won)6,739 billion) and 11.6% ((Won)3,096 billion) of consolidated total revenues for the years ended December 31, 2008 and 2007, respectively, and the financial statements of Woori Financial Co., Ltd., a consolidated subsidiary of the Company, which statements reflect total assets constituting 0.6% ((Won)1,802 billion) and 0.5% ((Won)1,154 billion) of consolidated total assets as of December 31, 2008 and 2007, respectively, and total revenues constituting 0.3% ((Won)237 billion) and 0.6% ((Won)154 billion) of consolidated total revenues for the years ended December 31, 2008 and 2007, respectively. The financial statements of Woori Investment Securities Co., Ltd. for the years ended December 31, 2008 and 2007 and Woori Financial Co., Ltd. for the years ended December 31, 2008 and 2007 were audited by other auditors, KPMG Samjong Accounting Corp., whose reports expressed unqualified opinions on those statements and have been furnished to us, and our opinion, insofar as it relates to the amounts included for Woori Investment Securities Co., Ltd. and Woori Financial Co., Ltd. are based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2008 and 2007, and the results of their operations, changes in shareholders' equity and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

Our audits also comprehended the translation of the Korean won amounts into U.S. dollar amounts and in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of Korea.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying 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 audit 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 auditing standards and their application in practice.

March 4, 2009

Notice to Readers

This report is effective as of March 4, 2009, the auditors' report date. Certain subsequent events or circumstances may have occurred between this audit report date and the time the audit report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2008 AND 2007

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|-------------------|-------------------|---|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | (In millions) | | (In thousands) | |
| ASSETS | | | | |
| Cash and due from banks (Notes 3, 18, 31, 33 and 34) | (Won) 19,967,897 | (Won) 14,984,541 | US\$ 15,879,043 | US\$ 11,916,136 |
| Trading securities (Notes 4, 7, 9, 11, 18 and 34) | 16,501,737 | 16,228,419 | 13,122,654 | 12,905,303 |
| Available-for-sale securities (Notes 5, 7, 9, 11, 18 and 34) | 18,812,796 | 21,843,044 | 14,960,474 | 17,370,214 |
| Held-to-maturity securities (Notes 6, 7, 9, 11, 18 and 34) | 10,006,283 | 8,199,821 | 7,957,283 | 6,520,732 |
| Market index funds (Notes 7 and 9) | 503,572 | 1,397,878 | 400,455 | 1,111,633 |
| Investments accounted for using the equity method of accounting (Notes 8, 9 and 34) | 890,077 | 559,092 | 707,815 | 444,606 |
| Loans, net of allowances for possible loan losses (Notes 12, 13, 33 and 34) | 197,040,672 | 167,635,411 | 156,692,383 | 133,308,478 |
| Fixed assets (Notes 14, 17, 18 and 34) | 2,796,537 | 2,638,774 | 2,223,886 | 2,098,429 |
| Other assets, net of present value discounts (Notes 16, 33 and 34) | 24,474,724 | 16,165,322 | 19,463,001 | 12,855,127 |
| | (Won) 290,994,295 | (Won) 249,652,302 | US\$ 231,406,994 | US\$ 198,530,658 |
| LIABILITIES AND | | | | |
| SHAREHOLDERS EQUITY | | | | |
| LIABILITIES | | | | |
| Deposits (Notes 20, 33 and 34) | (Won) 170,224,891 | (Won) 146,583,312 | US\$ 135,367,707 | US\$ 116,567,246 |
| Borrowings (Notes 21, 33 and 34) | 74,717,758 | 66,040,316 | 59,417,700 | 52,517,150 |
| Other liabilities (Notes 22, 33 and 34) | 31,743,043 | 22,011,382 | 25,242,976 | 17,504,081 |
| | 276,685,692 | 234,635,010 | 220,028,383 | 186,588,477 |
| SHAREHOLDERS EQUITY | | | | |
| Capital stock (Note 25) | 4,030,077 | 4,030,077 | 3,204,833 | 3,204,833 |
| Capital surplus | 186,959 | 187,555 | 148,675 | 149,149 |
| Capital adjustments (Note 25) | (57,219) | (55,812) | (45,502) | (44,383) |
| Accumulated other comprehensive income (Note 30) | 724,366 | 1,842,294 | 576,036 | 1,465,045 |
| Retained earnings | 7,323,149 | 7,058,249 | 5,823,578 | 5,612,922 |
| Minority interests | 2,101,271 | 1,954,929 | 1,670,991 | 1,554,615 |
| | 14,308,603 | 15,017,292 | 11,378,611 | 11,942,181 |
| | (Won) 290,994,295 | (Won) 249,652,302 | US\$ 231,406,994 | US\$ 198,530,658 |

See accompanying notes to consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---|---------------|--|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| | (In millions, except for income per common share data) | | (In thousands, except for income per common share data) | |
| OPERATING REVENUE INTEREST INCOME (Note 33): | | | | |
| Interest on due from banks | (Won) 338,536 | (Won) 104,671 | US\$ 269,213 | US\$ 83,237 |
| Interest on trading securities | 942,574 | 678,575 | 749,562 | 539,622 |
| Interest on available-for-sale securities | 840,279 | 913,049 | 668,214 | 726,083 |
| Interest on held-to-maturity securities | 517,291 | 429,207 | 411,365 | 341,318 |
| Interest on loans | 13,819,963 | 10,702,366 | 10,990,030 | 8,510,828 |
| Other | 261,920 | 187,919 | 208,286 | 149,438 |
| | 16,720,563 | 13,015,787 | 13,296,670 | 10,350,526 |
| GAIN ON VALUATION AND DISPOSAL OF SECURITIES: | | | | |
| Gain on valuation of trading securities | 282,006 | 79,439 | 224,259 | 63,172 |
| Gain on disposal of trading securities | 375,945 | 512,482 | 298,962 | 407,540 |
| Gain on redemption of available-for-sale securities | 6,320 | 8,037 | 5,026 | 6,391 |
| Gain on disposal of available-for-sale securities | 163,407 | 693,746 | 129,946 | 551,687 |
| Recovery of loss on impairment of available-for-sale securities (Note 11) | 1,789 | 77,465 | 1,423 | 61,603 |
| Recovery of loss on impairment of held-to-maturity securities (Note 11) | | 1,544 | | 1,228 |
| Gain on valuation of market index funds | 1,516,282 | 106,953 | 1,205,791 | 85,052 |
| Gain on disposal of market index funds | 296,169 | 709,255 | 235,522 | 564,020 |
| | 2,641,918 | 2,188,921 | 2,100,929 | 1,740,693 |
| GAIN ON VALUATION AND DISPOSAL OF LOANS: | | | | |
| Reversal of allowances for possible loan losses (Note 12) | 5,949 | 4,551 | 4,731 | 3,619 |
| Gain on disposal of loans (Note 12) | 19,354 | 23,342 | 15,391 | 18,562 |
| | 25,303 | 27,893 | 20,122 | 22,181 |
| GAIN ON FOREIGN EXCHANGE: | | | | |
| Gain on foreign exchange | 22,410,304 | 2,898,866 | 17,821,315 | 2,305,261 |
| FEES (Note 33): | | | | |
| Commissions | 1,683,999 | 1,689,039 | 1,339,164 | 1,343,172 |
| Commissions received on credit cards | 18,151 | 20,822 | 14,434 | 23,289 |
| Guarantee fees | 52,261 | 29,285 | 41,560 | 16,558 |
| Other | 23,279 | 35,761 | 18,512 | 28,438 |
| | 1,777,690 | 1,774,907 | 1,413,670 | 1,411,457 |

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| DIVIDEND INCOME: | | | | |
|--|---------|---------|---------|--------|
| Dividends on trading securities | 20,241 | 14,753 | 16,096 | 11,732 |
| Dividends on available-for-sale securities | 196,301 | 85,282 | 156,104 | 67,819 |
| | 216,542 | 100,035 | 172,200 | 79,551 |

(Continued)

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|---|---|--|--|
| | 2008 (In millions, except for income per common share data) | 2007 (In millions, except for income per common share data) | 2008 (In thousands, except for income per common share data) | 2007 (In thousands, except for income per common share data) |
| INSURANCE INCOME: | | | | |
| Insurance income | (Won) 428,009 | (Won) | US\$ 340,365 | US\$ |
| Reinsurance income | 28,440 | | 22,616 | |
| | 456,449 | | 362,981 | |
| OTHER OPERATING REVENUE (Note 33): | | | | |
| Reversal of allowances for possible losses on acceptances and guarantees | 45 | 29 | 36 | 23 |
| Reversal of allowances for unused credit line | 16,937 | 3,137 | 13,469 | 2,495 |
| Reversal of other allowances | 6,186 | 4,424 | 4,919 | 3,518 |
| Gain on transaction of derivatives | 30,319,757 | 4,063,439 | 24,111,139 | 3,231,363 |
| Gain on valuation of derivatives (Note 36) | 11,972,898 | 2,256,828 | 9,521,191 | 1,794,694 |
| Gain on fair value hedged items | 76,721 | 151,869 | 61,011 | 120,771 |
| Trust management fees | 84,910 | 80,499 | 67,523 | 64,015 |
| Gain on securitization assets | 23,150 | | 18,409 | |
| Other | 151,889 | 83,491 | 120,786 | 66,394 |
| | 42,652,493 | 6,643,716 | 33,918,483 | 5,283,273 |
| | 86,901,262 | 26,650,125 | 69,106,370 | 21,192,942 |
| OPERATING EXPENSES INTEREST EXPENSE (Note 33): | | | | |
| Interest on deposits | 6,984,225 | 4,971,965 | 5,554,056 | 3,953,849 |
| Interest on borrowings | 1,275,885 | 1,047,857 | 1,014,620 | 833,286 |
| Interest on debentures | 2,160,985 | 1,667,394 | 1,718,477 | 1,325,959 |
| Interest on others | 320,438 | 232,496 | 254,822 | 184,888 |
| | 10,741,533 | 7,919,712 | 8,541,975 | 6,297,982 |
| LOSS ON VALUATION AND DISPOSAL OF SECURITIES: | | | | |
| Loss on valuation of trading securities | 94,063 | 120,183 | 74,801 | 95,573 |
| Loss on disposal of trading securities | 468,469 | 312,111 | 372,540 | 248,200 |
| Loss on redemption of available-for-sale securities | 392 | 39 | 312 | 31 |
| Loss on disposal of available-for-sale securities | 27,153 | 3,479 | 21,593 | 2,767 |
| Loss on impairment of available-for-sale securities (Note 11) | 744,437 | 453,544 | 591,998 | 360,671 |
| Loss on valuation of market index funds | 394,442 | 206,020 | 313,671 | 163,833 |
| Loss on disposal of market index funds | 333,539 | 666,199 | 265,240 | 529,780 |

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| | | | | |
|--|-----------|-----------|-----------|-----------|
| | 2,062,495 | 1,761,575 | 1,640,155 | 1,400,855 |
| LOSS ON VALUATION AND DISPOSAL OF LOANS: | | | | |
| Provision for possible loan losses (Note 12) | 1,627,703 | 647,289 | 1,294,396 | 514,743 |
| Loss on disposal of loans (Note 12) | 72,686 | 28,974 | 57,802 | 23,041 |
| | 1,700,389 | 676,263 | 1,352,198 | 537,784 |

(Continued)

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---|---|--|--|
| | 2008 (In millions, except for income per common share data) | 2007 (In millions, except for income per common share data) | 2008 (In thousands, except for income per common share data) | 2007 (In thousands, except for income per common share data) |
| LOSS ON FOREIGN EXCHANGE: | | | | |
| Loss on foreign exchange | (Won) 20,853,737 | (Won) 2,634,491 | US\$ 16,583,489 | US\$ 2,095,023 |
| COMMISSIONS (Note 33): | | | | |
| Commissions in local currency | 173,879 | 170,187 | 138,274 | 135,337 |
| Commissions in foreign currencies | 30,965 | 24,931 | 24,624 | 19,826 |
| Commissions paid on credit cards | 361,635 | 200,772 | 287,582 | 159,660 |
| | 566,479 | 395,890 | 450,480 | 314,823 |
| INSURANCE EXPENSE: | | | | |
| Claims paid | 178,267 | | 141,763 | |
| Reinsurance premium expenses | 29,304 | | 23,303 | |
| Provision for policy reserves | 200,580 | | 159,507 | |
| Selling and general operating expenses | 33,775 | | 26,859 | |
| Others | 58,666 | | 46,653 | |
| | 500,592 | | 398,085 | |
| OTHER OPERATING EXPENSES (Note 33): | | | | |
| Salaries, employee benefits and provision for severance benefits | 1,963,065 | 1,900,908 | 1,561,085 | 1,511,656 |
| Rent | 170,375 | 124,467 | 135,487 | 98,980 |
| Entertainment expense | 29,475 | 26,187 | 23,439 | 20,825 |
| Depreciation and amortization (Notes 14 and 15) | 353,949 | 308,336 | 281,470 | 245,198 |
| Taxes and dues | 169,763 | 147,437 | 135,000 | 117,246 |
| Advertising | 76,795 | 76,039 | 61,070 | 60,468 |
| Telecommunications | 66,061 | 58,277 | 52,534 | 46,344 |
| Service fees | 172,058 | 139,210 | 136,825 | 110,704 |
| IT operating expenses | 95,791 | 99,673 | 76,176 | 79,263 |
| Stock-based compensation (Note 26) | 691 | 1,092 | 549 | 868 |
| Other administrative expenses | 165,395 | 135,920 | 131,527 | 108,087 |
| Provision for allowances for possible losses on acceptances and guarantees | 27,262 | 53,889 | 21,680 | 42,854 |
| Provision for allowances for unused credit line | 55,144 | 40,458 | 43,852 | 32,173 |
| Provision for other allowances | 135,312 | 39,288 | 107,604 | 31,243 |
| Loss on transaction of derivatives | 32,746,751 | 4,095,540 | 26,041,154 | 3,256,891 |
| Loss on valuation of derivatives (Note 36) | 12,154,986 | 2,456,037 | 9,665,993 | 1,953,111 |
| Loss on fair value hedged items | 392,977 | 109,874 | 312,507 | 87,375 |
| Deposit insurance fee | 150,547 | 148,224 | 119,719 | 117,872 |
| Funds contribution fee | 216 | 893 | 172 | 710 |
| Subsidy for trust accounts adjustment | 321,309 | 249,516 | 255,514 | 198,422 |
| Other expenses | 112,609 | 135,267 | 89,550 | 107,567 |
| | 49,360,531 | 10,346,532 | 39,252,907 | 8,227,857 |

| | | | |
|------------|------------|------------|------------|
| 85,785,756 | 23,734,463 | 68,219,289 | 18,874,324 |
|------------|------------|------------|------------|

(Continued)

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---|--|--|--|
| | 2008 (In millions, except for income per common share data) | 2007 (In thousands, except for income per common share data) | 2008 (In thousands, except for income per common share data) | 2007 (In thousands, except for income per common share data) |
| OPERATING INCOME | (Won) 1,115,506 | (Won) 2,915,662 | US\$ 887,081 | US\$ 2,318,618 |
| NON-OPERATING INCOME (Note 27) | 203,067 | 136,937 | 161,486 | 108,896 |
| NON-OPERATING EXPENSES (Note 27) | 128,326 | 129,382 | 102,048 | 102,888 |
| INCOME BEFORE INCOME TAX EXPENSE | 1,190,247 | 2,923,217 | 946,519 | 2,324,626 |
| INCOME TAX EXPENSE (Note 28) | 602,780 | 800,179 | 479,348 | 636,325 |
| NET INCOME(LOSS) OF SUBSIDIARY BEFORE PURCHASE | (1,035) | 8,678 | (823) | 6,901 |
| NET INCOME | (Won) 588,502 | (Won) 2,114,360 | US\$ 467,994 | US\$ 1,681,400 |
| CONTROLLING INTEREST | 454,478 | 1,939,238 | US\$ 361,414 | US\$ 1,542,138 |
| MINORITY INTEREST | 134,024 | 175,122 | 106,580 | 139,262 |
| | (Won) 588,502 | (Won) 2,114,360 | US\$ 467,994 | US\$ 1,681,400 |
| BASIC CONTROLLING NET INCOME PER COMMON SHARE (Note 29) | (Won) 564 | (Won) 2,406 | US\$ 0.45 | US\$ 1.91 |

See accompanying notes to consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| Korean won | Capital stock | Capital surplus | Capital Adjustments | Accumulated other comprehensive income (In millions) | Retained earnings | Minority interests | Total |
|--|-----------------|-----------------|---------------------|--|-------------------|--------------------|------------------|
| January 1, 2007 (Reported) | (Won) 4,030,077 | (Won) 187,955 | (Won) (55,854) | (Won) 2,173,342 | (Won) 5,601,869 | (Won) 1,487,416 | (Won) 13,424,805 |
| Dividend | | | | | (483,608) | (83,336) | (566,944) |
| Net income | | | | | 1,939,238 | 175,122 | 2,114,360 |
| Changes in subsidiaries capital surplus | | 357 | | | | 355 | 712 |
| Gain on valuation of available-for-sale securities | | | | (325,879) | | 54,283 | (271,596) |
| Valuation using the equity method on subsidiaries | | | | (3,551) | | (3,440) | (6,991) |
| Overseas business translation credit | | | | 1,351 | 750 | 3,072 | 5,173 |
| Valuation on derivative instruments | | | | (2,969) | | (1,651) | (4,620) |
| Changes in minority interests | | | | | | 323,066 | 323,066 |
| Others | | (757) | 42 | | | 42 | (673) |
| December 31, 2007 | (Won) 4,030,077 | (Won) 187,555 | (Won) (55,812) | (Won) 1,842,294 | (Won) 7,058,249 | (Won) 1,954,929 | (Won) 15,017,292 |

(Continued)

| Korean won | Capital stock | Capital surplus | Capital adjustments | Accumulated other comprehensive income (In millions) | Retained earnings | Minority interests | Total |
|--|-----------------|-----------------|---------------------|--|-------------------|--------------------|------------------|
| January 1, 2008 (Reported) | (Won) 4,030,077 | (Won) 188,237 | (Won) (55,812) | (Won) 1,843,686 | (Won) 7,145,883 | (Won) 1,954,929 | (Won) 15,107,000 |
| The cumulative effect of changes in accounting policy (Note 2) | | (682) | | (1,392) | (87,634) | | (89,708) |
| January 1, 2008 (Adjusted) | 4,030,077 | 187,555 | (55,812) | 1,842,294 | 7,058,249 | 1,954,929 | 15,017,292 |
| Dividend | | | | | (201,503) | (122,884) | (324,387) |
| Net income | | | | | 454,478 | 134,024 | 588,502 |
| Changes in subsidiaries capital surplus | | 839 | | | | 1,066 | 1,905 |
| Gain on valuation of available-for-sale securities | | | | (1,137,599) | | (81,992) | (1,219,591) |
| Valuation using the equity method on subsidiaries | | | | 26,238 | | 7,182 | 33,420 |
| Overseas business translation credit | | 425 | | 15,161 | 11,925 | 34,476 | 61,987 |
| Valuation on derivative instruments | | | | (21,728) | | (44,719) | (66,447) |
| Changes in consolidated entities | | | | | | 37,514 | 37,514 |
| Changes in minority interests | | | | | | 181,789 | 181,789 |
| Others | | (1,860) | (1,407) | | | (114) | (3,381) |
| December 31, 2008 | (Won) 4,030,077 | (Won) 186,959 | (Won) (57,219) | (Won) 724,366 | (Won) 7,323,149 | (Won) 2,101,271 | (Won) 14,308,603 |

(Continued)

Translation into

| U.S. dollars (Note 2) | Capital stock | Capital surplus | Capital adjustments | Accumulated other comprehensive income (In thousands) | Retained earnings | Minority interests | Total |
|---|------------------|--------------------|------------------------|---|----------------------|-----------------------|-----------------|
| January 1, 2007 (Reported) | US\$ 3,204,833 | US\$ 149,467 | US\$ (44,417) | US\$ 1,728,304 | US\$ 4,454,767 | US\$ 1,182,836 | US\$ 10,675,790 |
| Dividend | | | | | (384,579) | (66,271) | (450,850) |
| Net income | | | | | 1,542,138 | 139,262 | 1,681,400 |
| Changes in subsidiaries capital surplus | | 284 | | | | 282 | 566 |
| Gain on valuation of available-for-sale securities | | | | (259,148) | | 43,167 | (215,981) |
| Valuation using the equity method on subsidiaries | | | | (2,824) | | (2,736) | (5,560) |
| Overseas business translation credit | | | | 1,074 | 596 | 2,443 | 4,113 |
| Valuation on derivative instruments | | | | (2,361) | | (1,313) | (3,674) |
| Changes in minority interests | | | | | | 256,911 | 256,911 |
| Others | | (602) | 34 | | | 34 | (534) |
| December 31, 2007 | US\$ 3,204,833 | US\$ 149,149 | US\$ (44,383) | US\$ 1,465,045 | US\$ 5,612,922 | US\$ 1,554,615 | US\$ 11,942,181 |

(Continued)

| Translation into | | | | | | | |
|---|------------------|--------------------|------------------------|---|----------------------|-----------------------|-----------------|
| U.S. dollars | | | | Accumulated other | | | |
| (Note 2) | Capital stock | Capital surplus | Capital adjustments | comprehensive income (In thousands) | Retained earnings | Minority interests | Total |
| January 1, 2008 (Reported) | US\$ 3,204,833 | US\$ 149,691 | US\$ (44,383) | US\$ 1,466,152 | US\$ 5,682,611 | US\$ 1,554,615 | US\$ 12,013,519 |
| The cumulative effect of changes in accounting policy (Note 2) | | (542) | | (1,107) | (69,689) | | (71,338) |
| January 1, 2008 (Adjusted) | 3,204,833 | 149,149 | (44,383) | 1,465,045 | 5,612,922 | 1,554,615 | 11,942,181 |
| Dividend | | | | | (160,241) | (97,721) | (257,962) |
| Net income | | | | | 361,414 | 106,580 | 467,994 |
| Changes in subsidiaries' capital surplus | | 667 | | | | 848 | 1,515 |
| Gain on valuation of available-for-sale securities | | | | (904,651) | | (65,202) | (969,853) |
| Valuation using the equity method on subsidiaries | | | | 20,865 | | 5,711 | 26,576 |
| Overseas business translation credit | | 338 | | 12,056 | 9,483 | 27,416 | 49,293 |
| Valuation on derivative instruments | | | | (17,279) | | (35,562) | (52,841) |
| Changes in consolidated entities | | | | | | 29,832 | 29,832 |
| Changes in minority interests | | | | | | 144,564 | 144,564 |
| Others | | (1,479) | (1,119) | | | (90) | (2,688) |
| December 31, 2008 | US\$ 3,204,833 | US\$ 148,675 | US\$ (45,502) | US\$ 576,036 | US\$ 5,823,578 | US\$ 1,670,991 | US\$ 11,378,611 |

See accompanying notes to consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|---------------|-----------------|---|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| | (In millions) | | (In thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income | (Won) 588,502 | (Won) 2,114,360 | US\$ 467,994 | US\$ 1,681,400 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | | |
| Loss on valuation of trading securities | 94,063 | 120,183 | 74,801 | 95,573 |
| Loss on impairment of available-for-sale securities | 744,437 | 453,544 | 591,998 | 360,671 |
| Loss on valuation of market index funds | 394,442 | 206,020 | 313,671 | 163,833 |
| Provision for possible loan losses | 1,627,703 | 647,289 | 1,294,396 | 514,743 |
| Provision for severance benefits | 131,788 | 158,210 | 104,801 | 125,813 |
| Depreciation and amortization | 355,358 | 308,336 | 282,591 | 245,198 |
| Stock-based compensation | 691 | 1,092 | 549 | 868 |
| Provision for allowances for possible losses on acceptances and guarantees | 27,262 | 53,889 | 21,680 | 42,854 |
| Provision for allowances for unused credit line | 55,144 | 40,458 | 43,852 | 32,173 |
| Provision for other allowances | 135,312 | 39,288 | 107,604 | 31,243 |
| Loss on transaction of derivatives | 32,746,751 | 4,095,540 | 26,041,154 | 3,256,891 |
| Loss on valuation of derivatives | 12,154,986 | 2,456,037 | 9,665,993 | 1,953,111 |
| Loss on fair value hedged items | 392,977 | 109,874 | 312,507 | 87,375 |
| Loss on valuation using the equity method of accounting | 20,842 | 20,887 | 16,574 | 16,610 |
| Loss on disposal of fixed assets | 994 | 1,694 | 790 | 1,347 |
| Loss on impairment of fixed assets | 4,759 | 3,273 | 3,784 | 2,603 |
| Loss on impairment of intangible assets | | 580 | | 461 |
| Loss on impairment of other assets | | 1,805 | | 1,435 |
| Others | 72,381 | | 57,559 | |
| Gain on valuation of trading securities | (282,006) | (79,439) | (224,259) | (63,172) |
| Reversal of loss on impairment of available-for-sale securities | (1,789) | (77,465) | (1,423) | (61,603) |
| Reversal of loss on impairment of held-to-maturity securities | | (1,544) | | (1,228) |
| Gain on valuation of market index funds | (1,516,282) | (106,953) | (1,205,791) | (85,052) |
| Reversal of allowances for possible loan losses | (5,949) | (4,551) | (4,731) | (3,619) |
| Reversal of allowances for possible losses on acceptances and guarantees | (45) | (29) | (36) | (23) |
| Reversal of allowances for unused credit line | (16,937) | (3,137) | (13,469) | (2,495) |
| Reversal of other allowances | (6,186) | (4,424) | (4,919) | (3,518) |
| Gain on transaction of derivatives | (30,319,757) | (4,063,439) | (24,111,139) | (3,231,363) |
| Gain on valuation of derivatives | (11,972,898) | (2,256,828) | (9,521,191) | (1,794,694) |
| Gain on fair value hedged items | (76,721) | (151,869) | (61,011) | (120,771) |
| Gain on valuation using the equity method of accounting | (76,727) | (43,500) | (61,015) | (34,592) |
| Gain on disposal of fixed assets | (8,842) | (1,356) | (7,031) | (1,078) |
| Gain on disposal of other assets | (558) | (205) | (444) | (163) |
| Reversal of loss on impairment of other assets | (146) | | (116) | |
| Reversal of negative goodwill | (110) | (139) | (87) | (110) |

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| | | | | |
|--------|-----------|-----------|-----------|-----------|
| Others | (8,629) | | (6,862) | |
| | 4,666,308 | 1,923,121 | 3,710,780 | 1,529,321 |

(Continued)

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---------------|---------------|---|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| | (In millions) | | (In thousands) | |
| Changes in operating assets and liabilities: | | | | |
| Decrease in present value discounts | (Won) (5,907) | (Won) (3,938) | US\$ (4,697) | US\$ (3,132) |
| Increase in trading securities | (82,684) | (3,399,446) | (65,753) | (2,703,337) |
| Decrease in market index funds | 2,016,146 | 667,692 | 1,603,297 | 530,968 |
| Decrease (increase) in available-for-sale securities | 1,305,923 | (4,187) | 1,038,507 | (3,330) |
| Decrease (increase) in held-to-maturity securities | (1,533,959) | 438,425 | (1,219,848) | 348,648 |
| Increase in loans | (30,957,363) | (26,600,121) | (24,618,181) | (21,153,178) |
| Increase in guarantee deposits | (87,478) | (110,496) | (69,565) | (87,870) |
| Decrease (increase) in other accounts receivable | 3,151,107 | (634,942) | 2,505,850 | (504,924) |
| Increase in accrued income | (192,028) | (106,004) | (152,706) | (84,297) |
| Increase in prepaid expenses | (17,566) | (4,814) | (13,969) | (3,828) |
| Increase in deferred income tax assets | (457,392) | (150,322) | (363,731) | (119,540) |
| Increase in CMA assets | (103,500) | (1,690,215) | (82,306) | (1,344,107) |
| Decrease (increase) in accounts receivable on disposal of assets | (1,762) | 850 | (1,401) | 676 |
| Decrease (increase) in domestic exchange settlements debits | 158,195 | (226,229) | 125,801 | (179,904) |
| Increase in sundry assets | (177,100) | (2,879) | (140,835) | (2,289) |
| Payment of severance benefits | (111,654) | (130,917) | (88,790) | (104,109) |
| Decrease (increase) in deposits in employee retirement trust | (47,143) | 1,303 | (37,489) | 1,036 |
| Decrease (increase) in post-retirement pension plan asset | 139 | (258) | 111 | (205) |
| Decrease (increase) in transfers to the National Pension Fund | (23) | 27 | (18) | 22 |
| Increase (decrease) in other accounts payables | (3,237,914) | 846,516 | (2,574,882) | 673,174 |
| Increase in accrued expenses | 417,209 | 661,916 | 331,776 | 526,375 |
| Increase (decrease) in income tax payable | (190,483) | 135,627 | (151,478) | 107,854 |
| Increase in unearned revenue | 55,643 | 29,696 | 44,249 | 23,615 |
| Increase in deposits for letter of guarantees and others | 32,711 | 25,673 | 26,013 | 20,416 |
| Increase (decrease) in foreign exchange remittance pending | 35,642 | (62,042) | 28,344 | (49,338) |
| Increase in domestic exchange remittance pending | 486,869 | 169,364 | 387,172 | 134,683 |
| Decrease in deferred income tax liabilities | (24,886) | (21,947) | (19,790) | (17,453) |
| Increase (decrease) in borrowings from trust accounts | (17,060) | 2,538,485 | (13,567) | 2,018,676 |
| Increase (decrease) in allowance for possible losses on acceptances and guarantees | 416 | (281) | 331 | (223) |
| Increase in allowance for unused credit line | 149 | 15,617 | 118 | 12,419 |
| Decrease in other allowances | (65,176) | (59,932) | (51,830) | (47,660) |
| Increase (decrease) in accounts for agency businesses | (2,114) | 107,451 | (1,681) | 85,448 |
| Increase in liabilities incurred by agency relationship | 77,868 | 385,986 | 61,923 | 306,947 |

(Continued)

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|-----------------|-----------------|---|----------------|
| | 2008 | 2007 | 2008 | 2007 |
| | (In millions) | (In millions) | (In thousands) | (In thousands) |
| Increase in policy reserves | (Won) 173,333 | (Won) | US\$ 137,839 | US\$ |
| Increase (decrease) in sundry liabilities | (197,320) | 17,486 | (156,915) | 13,905 |
| | (29,599,162) | (27,166,856) | (23,538,101) | (21,603,862) |
| Net cash used in operating activities | (24,344,352) | (23,129,375) | (19,359,327) | (18,393,141) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Net increase in restricted due from banks | (3,801,685) | (3,960,145) | (3,023,209) | (3,149,221) |
| Net increase in investments accounted for using the equity method of accounting | (159,617) | (617,453) | (126,932) | (491,016) |
| Net decrease in derivative instruments assets | 32,297,674 | 5,177,381 | 25,684,035 | 4,117,202 |
| Net increase in intangible assets | (48,630) | (58,106) | (38,672) | (46,208) |
| Net increase in fixed assets | (330,904) | (276,101) | (263,144) | (219,563) |
| Net increase in non-operating assets | (8,782) | (4,313) | (6,984) | (3,430) |
| Net decrease (increase) in operating lease assets | 9,644 | (4,518) | 7,669 | (3,593) |
| Net decrease in derivative instruments liabilities | (34,640,173) | (5,165,764) | (27,546,857) | (4,107,963) |
| Net cash used in investing activities | (6,682,473) | (4,909,019) | (5,314,094) | (3,903,792) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Net increase in deposits | 23,641,579 | 17,560,444 | 18,800,460 | 13,964,568 |
| Net increase in borrowings | 4,204,714 | 4,019,389 | 3,343,709 | 3,196,333 |
| Net increase in debentures in local currency | 3,168,786 | 5,962,683 | 2,519,909 | 4,741,696 |
| Net increase in debentures in foreign currencies | 1,297,649 | 1,100,314 | 1,031,928 | 875,001 |
| Payment of dividends | (201,503) | (483,608) | (160,241) | (384,579) |
| Share Issuance cost | (1,860) | | (1,479) | |
| Net increase in minority interests | 61,909 | 161,796 | 49,232 | 128,665 |
| Net cash provided by financing activities | 32,171,274 | 28,321,018 | 25,583,518 | 22,521,684 |
| CHANGES IN CONSOLIDATED ENTITIES | 37,222 | 66,795 | 29,600 | 53,117 |
| NET INCREASE IN CASH AND DUE FROM BANKS | 1,181,671 | 349,419 | 939,697 | 277,868 |
| CASH AND DUE FROM BANKS, BEGINNING OF THE YEAR (Note 31) | 5,991,011 | 5,641,592 | 4,764,223 | 4,486,355 |
| CASH AND DUE FROM BANKS, END OF THE YEAR (Note 31) | (Won) 7,172,682 | (Won) 5,991,011 | US\$ 5,703,920 | US\$ 4,764,223 |

See accompanying notes to consolidated financial statements.

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. GENERAL

(1) Woori Finance Holdings Co., Ltd.

Woori Finance Holdings Co., Ltd. (the Company) was incorporated on March 27, 2001, to engage in the business of managing the following five financial institutions: Woori Bank, Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the KDIC) in accordance with the provisions of the Financial Holding Company Act. As a result of its functional restructuring, the Company owns 11 subsidiaries and 26 2nd-tier subsidiaries as of December 31, 2008.

Upon incorporation, the Company's stock amounted to (Won)3,637,293 million, consisting of 727,458,609 common shares ((Won)5,000 per share) issued and outstanding. As a result of several capital increases, exercise of warrants and conversion rights since incorporation, as of December 31, 2008, the Company's stock amounted to (Won)4,030,077 million, consisting of 806,015,340 common shares issued and outstanding of which the KDIC owns 588,158,609 shares (72.97% ownership).

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

(2) The major subsidiaries of the Company as of December 31, 2008 and 2007 are as follows:

| Parent companies | Subsidiaries | 2008 | | 2007 | | Financial statements as of |
|----------------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Woori Finance Holdings Co., Ltd. | Woori Bank(*1) | 705,956,580 | 100.0 | 635,956,580 | 100.0 | Dec. 31 |
| | Kyongnam Bank(*2) | 58,049,994 | 99.9 | 51,800,000 | 99.9 | Dec. 31 |
| | Kwangju Bank(*2) | 49,413,333 | 99.9 | 44,080,000 | 99.9 | Dec. 31 |
| | Woori Finance Information System Co., Ltd. | 900,000 | 100.0 | 900,000 | 100.0 | Dec. 31 |
| | Woori F&I Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Dec. 31 |
| | Woori Third Asset Securitization Specialty Co., Ltd. | 2,000 | 100.0 | 2,000 | 100.0 | Dec. 31 |
| | Woori Investment Securities Co., Ltd. | 46,324,981 | 35.0 | 46,324,981 | 35.0 | Dec. 31 |
| | Woori Credit Suisse Asset Management Co., Ltd. | 4,663,400 | 70.0 | 4,663,400 | 70.0 | Dec. 31 |
| | Woori Private Equity Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Dec. 31 |
| | Woori Financial Co., Ltd. | 8,499,955 | 50.1 | 8,499,955 | 50.1 | Dec. 31 |
| | Woori Aviva Life Insurance Co., Ltd. (*3) | 3,060,000 | 51.0 | | | Dec. 31 |
| Woori Bank | Woori Credit Information Co., Ltd. | 1,008,000 | 100.0 | 1,008,000 | 100.0 | Dec. 31(*8) |
| | Woori America Bank | 10,500,000 | 100.0 | 10,500,000 | 100.0 | Dec. 31(*8) |

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| | | | | | |
|------------------------------------|------------|-------|------------|-------|-------------|
| PT. Bank Woori Indonesia | 1,618 | 95.2 | 1,618 | 95.2 | Dec. 31(*8) |
| Korea BTL Infrastructure Fund (*4) | | | 24,233,666 | 100.0 | Dec. 31(*8) |
| Woori Global Market Asia Limited | 39,000,000 | 100.0 | 39,000,000 | 100.0 | Dec. 31(*8) |
| Woori Bank (China) Limited | | 100.0 | | 100.0 | Dec. 31(*8) |
| ZAO Woori Bank | 19,999,999 | 100.0 | 19,999,999 | 100.0 | Dec. 31(*8) |

| Parent companies | Subsidiaries | 2008 | | 2007 | | Financial |
|---|---|------------------------|-----------------------------|------------------------|-----------------------------|------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | statements as of |
| Woori F&I Co., Ltd. | Woori SB Asset Management Co., Ltd. | 408,000 | 51.0 | 408,000 | 51.0 | Dec. 31 |
| | Woori F&I Fifth Asset Securitization Specialty | 182,500 | 100.0 | 182,500 | 100.0 | Dec. 31 |
| | Woori F&I Sixth Asset Securitization Specialty | 98,780 | 100.0 | 98,780 | 100.0 | Dec. 31 |
| | Woori F&I Seventh Asset Securitization Specialty | 105,300 | 100.0 | 105,300 | 100.0 | Dec. 31 |
| | Woori SB Tenth Asset Securitization Specialty(*5) | 410,711 | 50.0 | | | Dec. 31 |
| | Woori F&I Eighth Asset Securitization Specialty(*5) | 140,000 | 100.0 | | | Dec. 31 |
| Woori Investment Securities Co., Ltd. | Woori Futures Co., Ltd. | 5,000,000 | 100.0 | 5,000,000 | 100.0 | Dec. 31 |
| | Woori Investment Securities Int 1 Ltd. | 5,788,000 | 100.0 | 5,788,000 | 100.0 | Dec. 31(*8) |
| | Woori Investment Securities (H.K.) Ltd. | 22,500,000 | 100.0 | 22,500,000 | 100.0 | Dec. 31(*8) |
| | Woori Investment Securities America, Inc. | 300 | 100.0 | 300 | 100.0 | Dec. 31(*8) |
| | LG Investments Holding B.V. (Amsterdam) GG | 1,642,398,242 | 100.0 | 1,642,398,242 | 100.0 | Dec. 31(*8) |
| | High Technology Venture Investment | 208,000 | 42.9 | 208,000 | 42.9 | Dec. 31(*8) |
| | Global Technology Investment | 592,000 | 50.0 | 592,000 | 50.0 | Dec. 31(*8) |
| | MARS First Private Equity Fund(*2) | 18,000,000 | 52.9 | 13,500,000 | 52.9 | Dec. 31(*8) |
| | MARS Second Private Equity Fund(*2) | 2,507 | 8.9 | 2,418 | 8.9 | Dec. 31(*8) |
| | Connacht Capital Market Investment | 15,000,000 | 100.0 | 15,000,000 | 100.0 | Dec. 31(*8) |
| | Woori Investment Asia Pte. Ltd. | 50,000,000 | 100.0 | 50,000,000 | 100.0 | Dec. 31(*8) |
| Woori, Kyongnam & Kwangju Bank, Woori Investment Securities, Woori F&I & Woori PE | Woori Private Equity Fund(*2)(*6) | 141,494 | 61.0 | 128,296 | 61.0 | Dec. 31 |
| Woori Private Equity Fund | Kumho Investment Bank(*2) | 74,550,000 | 41.4 | 7,100,000 | 41.4 | Dec. 31 |
| | Woori EL, Ltd.(*7) | 1,010 | 100.0 | 3,000 | 100.0 | Dec. 31 |

(*1) The number of shares owned increased as a result of the Company acquiring 70,000,000 shares of convertible preferred stock of Woori Bank on December 16, 2008.

(*2) The investees increased their capital for the year ended December 31, 2008.

(*3) On April 4, 2008, the Company acquired 3,060,000 shares (51.0%) of Woori Aviva Life Insurance Co., Ltd. (Woori Aviva) by (Won)75,584 million and it has been included in consolidation scope of the Company.

(*4) Due to the amendment to Enforcement Decree of the Act on External Audit of Corporations, Korea BTL Infrastructure Fund was excluded from consolidation and accounted for using the equity method for the year ended December 31, 2008.

(*5) On March 10, 2008, Woori F&I acquired 100% ownership interest of Woori F&I Eighth Asset Securitization Specialty Co., Ltd. On June 27, 2008, Woori F&I acquired 50% ownership interest of Woori SB Tenth Asset Securitization Specialty Co., Ltd.

- (*6) Since the total value of Woori Private Equity Fund's assets as of December 31, 2007 exceeded (Won)7 billion, it has been included in the consolidation scope of the Company.
- (*7) The investees decreased their capital for the year ended December 31, 2008.
- (*8) The financial statements as of December 31, 2008 are not audited.

(3) General information pertaining to the Company's subsidiaries as of December 31, 2008 is set forth below:

a. Woori Bank

Woori Bank was established in 1899 and has been engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law, merchant bank services under the Merchant Bank Act and foreign exchange business with approval from the Bank of Korea (the BOK) and the Ministry of Strategy and Finance (the MOSF). In connection with the infusion of public funds, Woori Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2008, its issued common stock amounted to (Won)3,179,783 million consisting of 635,956,580 shares and its issued preferred stock amounted to (Won)350,000 million consisting of 70,000,000 shares. Woori Bank is wholly owned by the Company. The head office of Woori Bank is located in Seoul, Korea. Woori Bank has 896 branches and offices in Korea, and 13 branches and offices overseas.

b. Kyongnam Bank

Kyongnam Bank was incorporated on April 18, 1970 and has been engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOSF. In connection with the infusion of public funds, Kyongnam Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2008, Kyongnam Bank's common stock amounted to (Won)290,250 million consisting of 58,050,037 shares of common stock issued and outstanding of which the Company owns 99.99% ownership. The head office of Kyongnam Bank is located in Masan, Korea. Kyongnam Bank has 151 branches and offices in Korea.

c. Kwangju Bank

Kwangju Bank was established on October 7, 1968 and has been engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOSF. In connection with the infusion of public funds, Kwangju Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2008, its common stock amounted to (Won)247,069 million consisting of 49,413,850 common shares issued and outstanding of which the Company owns 99.99% ownership. Kwangju Bank's head office is located in Kwangju, Korea. Kwangju Bank has 131 domestic branches and offices in Korea.

d. Woori Finance Information System Co., Ltd.

Woori Finance Information System Co., Ltd. (WFIS) was established on April 17, 1989 and has been engaged in the business of installing computerized financial systems. On September 29, 2001, the Company purchased all of the common stock of WFIS from Woori Bank in accordance with the group's functional restructuring, making WFIS a subsidiary of the Company. As of December 31, 2008, its common stock amounted to (Won)4,500 million consisting of 900,000 shares issued and outstanding, all of which are owned by the Company. The office of WFIS is located in Seoul, Korea.

e. Woori F&I Co., Ltd.

Woori F&I Co., Ltd. (Woori F&I) was established on November 16, 2001 and has been engaged in the business of management, operation and disposition of securitization assets. On September 13, 2002, Woori F&I split off the asset management business segment and established Woori SB Asset Management Co., Ltd. (formerly Woori CA Asset Management Co., Ltd., Woori SB). As a result, Woori F&I is engaged in the business of acquisition and disposition of securities issued by asset securitization specialty corporations, established based on the Act on Asset-Backed Securitization for the purpose of non-performing assets securitization, and in the business of acquisition and disposition of equity of asset management corporations, which are established for the purpose of non-performing assets management. As of December 31, 2008, its common stock amounted to (Won)10,000 million consisting of 2,000,000 shares issued and outstanding, all of which are owned by the Company. The office of Woori F&I is located in Seoul, Korea.

f. Woori Third Asset Securitization Specialty Co., Ltd.

Woori Third Asset Securitization Specialty Co., Ltd. (Woori 3rd SPC) was established on March 15, 2002 under the Act on Asset-Backed Securitization of the Republic of Korea as a special purpose company. Woori 3rd SPC has been engaged in the business of management, operation and disposition of the securitization assets and issuance of asset-backed securities based on the securitization assets acquired from Woori Bank, Kyongnam Bank and Woori Credit Card Co., Ltd. Woori 3rd SPC has entered into a consignment agreement with Woori SB Asset Management Co., Ltd. for asset management. As of December 31, 2008, its common stock amounted to (Won)10 million consisting of 2,000 shares issued and outstanding, all of which are owned by the Company. The office is located in Seoul, Korea.

g. Woori Investment Securities Co., Ltd.

Woori Investment Securities Co., Ltd. (formerly LG securities , Woori Investment Securities), whose shares were listed on the Korea Exchange, was established in 1969 to engage in trading, agency, brokerage and underwriting of securities. Woori Investment Securities became a subsidiary of the Company on December 24, 2004 as the Company acquired 26.92% of voting rights of LG Securities and was able to govern its management. LG Securities merged with Woori Securities on March 31, 2005 and changed its name to Woori Investment Securities. As a result of the merger, 12,397,494 new common shares of Woori Investment Securities were issued by exchanging one common share of Woori Securities with 0.654 common share of Woori Investment Securities and the difference between the sum of its ownership interests in the individual pre-merger subsidiaries' net assets and its ownership interests in Woori Investment Securities' net assets amounting to (Won)36.1 billion was recorded in accumulated other comprehensive income. On January 24, 2006, Woori Investment Securities reduced its treasury stock by extinguishing against retained earnings. As a result, the Company's ownership interest in Woori Investment Securities increased from 34.4% to 35.0%. As of December 31, 2008, its issued common stock amounted to (Won)687,445 million consisting of 132,513,863 shares and its issued preferred stock amounted to (Won)99,355 million consisting of 18,870,968 shares. The head office of Woori Investment Securities is located in Seoul, Korea. Woori Investment Securities has 126 branches and offices in Korea and two offices in overseas.

h. Woori Credit Suisse Asset Management Co., Ltd.

Woori Credit Suisse Asset Management (formerly Woori Asset Management , Woori CS) established on March 26, 1988, has been engaged in securities investment trust management, investment advisory and mutual fund management. As the Company acquired 90% ownership interest of LG Investment Trust Management from Woori Investment Securities, it became a subsidiary of the Company on May 6, 2005. On May 31, 2005, LG Investment Trust Management merged with Woori Investment Trust Management and changed its name to Woori Asset Management Co., Ltd. (Woori Asset Management). As a result of the merger, 3,810,000 new common shares of Woori Asset Management were issued by exchanging one common share of Woori Investment Trust Management with 0.635 common share of Woori Asset Management. On May 30, 2006, the Company sold 1,998,600 shares (30%) of Woori Asset Management to Credit Suisse (Won)34,604 million of gain on the disposal of ownership interest in Woori CS was recorded as accumulated other comprehensive income and subsequently, Woori Asset Management changed its name to Woori CS. As of December 31, 2008, the number of issued and outstanding common shares and contributed capital of Woori CS are 6,662,000 shares and (Won)33,310 million, respectively, which the Company owns 70% of the common shares. The head office of Woori CS is located in Seoul, Korea.

i. Woori Private Equity Co., Ltd.

Woori Private Equity Co., Ltd. (Woori PE), established on October 24, 2005, has been engaged in direct investment in a private equity fund or investment advisory and management services. As of December 31, 2008, its common stock amounted to (Won)10,000 million consisting of 2,000,000 shares issued and outstanding, all of which are owned by the Company. The office of Woori PE is located in Seoul, Korea.

j. Woori Financial Co., Ltd.

Woori Financial Co., Ltd. (formerly Hanmi Capital , Woori Financial), established on September 1989, has been engaged in lease, installment and factoring business. On September 14, 2007, the Company acquired 8,499,955 shares of Hanmi Capital at (Won)271,149 million. On October 26, 2007, Hanmi Capital changed its corporate name into Woori Financial. As of December 31, 2008, the number of issued and outstanding common shares and contributed capital of Woori Financial are 16,963,128 shares and (Won)84,816 million, respectively, which the Company owns 50.11% of the common shares. The office of Woori Financial is located in Suwon, Korea and Woori Financial has 13 domestic branches in Korea.

k. Woori Aviva Life Insurance Co., Ltd.

Woori Aviva Life Insurance Co., Ltd. (formerly LIG Life Insurance , Woori Aviva), established on March 4, 1988, has been engaged in life insurance and the related reinsurance business. On April 4, 2008, the Company acquired 3,060,000 shares of LIG Life Insurance at (Won)75,584 million and LIG Life Insurance changed its corporate name to Woori Aviva. As of December 31, 2008, the number of issued and outstanding common shares and contributed capital of Woori Aviva are 6,000,000 shares and (Won)30,000 million, respectively. The Company owns 51.0% of Woori Aviva s outstanding common shares. The office of Woori Aviva is located in Busan, Korea and Woori Aviva has 31 domestic branches in Korea.

l. Woori Credit Information Co., Ltd.

Woori Credit Information Co., Ltd. (Woori CI) was established on March 15, 1991 and has been engaged in the credit investigation business and credit collection business under the Act on Use and Protection of Credit Information of the Republic of Korea. As of December 31, 2008, the common stock of Woori CI amounted to (Won)5,040 million consisting of 1,008,000 shares issued and outstanding, and is wholly owned by Woori Bank. The head office of Woori CI is located in Seoul, Korea. Woori CI has 15 branches and offices in Korea.

m. Woori America Bank

Woori America Bank (Woori America) was established on January 7, 1984 and has been engaged in the banking business in New York, U.S.A. Woori America merged with Pansia Bank N.A. on September 11, 2003. As of December 31, 2008, its common stock amounted to US\$60,000 thousand consisting of 10,500,000 shares issued and outstanding, and is wholly owned by Woori Bank.

n. PT. Bank Woori Indonesia

PT. Bank Woori Indonesia (Woori Indonesia) was established on June 18, 1992 and has been engaged in the banking business in Indonesia. As of December 31, 2008, its common stock amounted to IDR 170,000 million consisting of 1,700 shares issued and outstanding of which Woori Bank owns 95.2% of its outstanding stock.

o. Woori SB Asset Management Co., Ltd.

Woori SB was established on September 14, 2002 as an asset management company for asset securitization specialty companies established based on the Act on Asset-Backed Securitization and has been engaged in the business of management, operation and disposition of securitization assets. On February 23, 2006, Woori F&I Co., Ltd. sold 392,000 shares (49%) of Woori CA Asset Management Co., Ltd. (Woori CA) and Woori CA changed its name to Woori SB. As of December 31, 2008, Woori SB s common stock amounted to (Won)4,000 million consisting of 800,000 shares issued and Woori F&I owns 51.0% ownership. The office of Woori SB is located in Seoul, Korea.

p. Woori Private Equity Fund

Woori Private Equity Fund (Woori PEF) was established on July 6, 2006, based on the Act on Indirect Investment Asset Management Business and has been engaged in investments by private funding and intends to offer an investment return to investors by enhancing the investees value by participation in investees management and restructuring. As of December 31, 2008, the common stock of Woori PEF amounted to (Won)231,810 million consisting of 231,810 shares of which the Company s subsidiaries own 61.0% of Woori PEF. The office of Woori PEF is located in Seoul, Korea.

q. The information of other 2nd tier subsidiaries as of December 31, 2008 is as follows (Korean won in millions and U.S. dollar, EURO, HKD, CNY and RUB in thousands):

| Subsidiaries | Main business | Capital | | Number of issued shares | Date of Establishment | Location |
|--|----------------------|---------|-----------|-------------------------|-----------------------|------------------|
| Woori Global Market Asia Limited | Financial business | HKD | 39,000 | 39,000,000 | 2006.8.23 | Hong Kong, China |
| Woori Bank (China) Limited | Banking | CNY | 2,400,000 | | 2007.10.26 | Beijing, China |
| ZAO Woori Bank | Banking | RUB | 500,000 | 20,000,000 | 2007.11.22 | Moscow, Russia |
| Woori F&I Fifth Asset Securitization Specialty | Asset securitization | (Won) | 912 | 182,500 | 2007.5.23 | Seoul, Korea |
| Woori F&I Sixth Asset Securitization Specialty | Asset securitization | (Won) | 494 | 98,780 | 2007.12.12 | Seoul, Korea |
| Woori F&I Seventh Asset Securitization Specialty | Asset securitization | (Won) | 527 | 105,300 | 2007.12.12 | Seoul, Korea |
| Woori F&I Eighth Asset Securitization Specialty | Asset securitization | (Won) | 700 | 140,000 | 2008.3.10 | Seoul, Korea |
| Woori SB Tenth Asset Securitization Specialty | Asset securitization | (Won) | 4,107 | 821,421 | 2008.6.27 | Seoul, Korea |
| Woori Futures Co., Ltd. | Futures trading | (Won) | 25,000 | 5,000,000 | 1992.7.10 | Seoul, Korea |
| Woori Investment Securities Int'l Ltd. | Securities | USD | 5,788 | 5,788,000 | 1991.8.15 | London, UK |
| | Securities | USD | 22,500 | 22,500,000 | 1995.3.6 | Hong Kong, China |

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Woori Investment Securities
(H.K.) Ltd.

Woori Investment Securities
America Inc.

Securities

USD

3

300

1992.6.18

New York, USA

58

| Subsidiaries | Main business | Capital | | Number of issued shares | Date of Establishment | Location |
|---|---------------------------|---------|---------|-------------------------|-----------------------|--------------------|
| | | | | | | |
| LG Investment Holding B.V. (Amsterdam) GG | Securities investments | EURO | 16,424 | 1,642,398,242 | 1996.10.18 | Amsterdam, Holland |
| High Technology Venture Investment | Securities investments | USD | 5 | 486,000 | 2000.2.28 | Malaysia |
| Global Technology Investment | Securities investments | USD | 12 | 1,184,000 | 1999.6.28 | Malaysia |
| MARS First Private Equity Fund | Securities investments | (Won) | 34,000 | 34,000,000 | 2005.1.26 | Seoul, Korea |
| MARS Second Private Equity Fund | Securities investments | (Won) | 282,000 | 28,200 | 2007.2.8 | Seoul, Korea |
| Connacht Capital Market Investment | Securities investments | USD | 150 | 15,000,000 | 1996.5.8 | Malaysia |
| Woori Investment Asia Pte. Ltd. | Investments | USD | 50,000 | 50,000,000 | 2007.9.20 | Singapore |
| Kumho Investment Bank | Credit financial business | (Won) | 89,951 | 179,902,850 | 1974.6.29 | Kwangju, Korea |
| Woori EL, Ltd. | Securities investments | (Won) | 10 | 1,010 | 2007.12.24 | Seoul, Korea |

(4) Affiliates of the Company and its subsidiaries accounted under the equity method of accounting as of December 31, 2008 and 2007 are as follows:

| Investors | Investees | 2008 | | 2007 | | Financial statements as of |
|--------------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Woori Bank & Kyongnam Bank | BC Card Co., Ltd. | 1,303,920 | 29.6 | 1,303,920 | 29.6 | Dec. 31(*9) |
| Woori, Kyongnam & Kwangju Bank | Korea Credit Bureau | 180,000 | 9.0 | 180,000 | 9.0 | Dec. 31(*9) |
| Woori Bank | Korea Finance Security Co., Ltd. | 183,870 | 15.3 | 183,870 | 15.3 | Dec. 31(*9) |
| | Woori Service Networks Co., Ltd. | 4,704 | 4.9 | 4,704 | 4.9 | Dec. 31(*9) |
| | Woori SME Asset Securitization Specialty | 54,600 | 5.0 | 54,600 | 5.0 | Dec. 31(*9) |
| | Woori SME First ABS Co., Ltd. | 82,960 | 5.0 | 82,960 | 5.0 | Dec. 31(*9) |
| | Korea BTL Infrastructure Fund | 24,233,666 | 100.0 | | | Dec. 31(*9) |
| Woori Investment Securities | Woori Absolute Partners Pte.Ltd(*1) | 50,000,000 | 100.0 | | | Dec. 31(*9) |
| | Woori Absolute Asia Multi Strategy Fund(*2) | 60,000 | 100.0 | | | Dec. 31(*9) |
| | Woori Absolute Asia Global Opportunity Fund(*2) | 35,000 | 100.0 | | | Dec. 31(*9) |
| HTI & GTI | Athena Venture Fund (*3) | | 66.4 | | 66.4 | Sep. 30(*9) |
| Woori F&I | Woori SB First Asset Securitization Specialty | 1,867,800 | 30.0 | 1,867,800 | 30.0 | Dec. 31 |
| | Woori SB Third Asset Securitization Specialty (*4) | | | 301,086 | 30.0 | Dec. 31 |
| | Woori SB Fifth Asset Securitization Specialty (*4) | 186,456 | 30.0 | 282,456 | 30.0 | Dec. 31 |
| | Woori SB Sixth Asset Securitization Specialty (*4) | 200,742 | 30.0 | 274,542 | 30.0 | Dec. 31 |
| | Woori SB Seventh Asset Securitization Specialty | 165,760 | 40.0 | 165,760 | 40.0 | Dec. 31 |
| | Woori SB Eighth Asset Securitization Specialty | 149,336 | 40.0 | 149,336 | 40.0 | Dec. 31 |

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| | | | |
|---|---------|------|---------|
| Woori SB Ninth Asset Securitization Specialty(*5) | 119,142 | 45.5 | Dec. 31 |
| Woori SB Eleventh Asset Securitization Specialty(*6) | 157,527 | 45.0 | Dec. 31 |

| Investors | Investees | 2008 | | 2007 | | Financial statements as of |
|------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Woori F&I | Woori SB Twelfth Asset Securitization Specialty(*7) | 157,544 | 40.0 | | | Dec. 31(*9) |
| | Woori F&I Ninth Asset Securitization Specialty(*6) | 34,260 | 100.0 | | | Dec. 31 |
| | Woori Stream First Asset Securitization Specialty (*4) | 169,408 | 40.0 | 249,408 | 40.0 | Dec. 31 |
| | Woori Stream Second Asset Securitization Specialty | 211,088 | 40.0 | 211,080 | 40.0 | Dec. 31 |
| | Woori Stream Third Asset Securitization Specialty | 152,472 | 40.0 | 152,472 | 40.0 | Dec. 31 |
| | Woori Stream Fourth Asset Securitization Specialty | 237,808 | 40.0 | 237,808 | 40.0 | Dec. 31 |
| | Woori BC Pegasus Asset Securitization Specialty | 581,580 | 30.0 | 581,580 | 30.0 | Dec. 31 |
| | Woori Marine Third Asset Securitization Specialty (*4) | 72,834 | 30.0 | 156,834 | 30.0 | Dec. 31 |
| | Hiking-Woori Capital | 245,000 | 49.0 | 245,000 | 49.0 | Dec. 31 |
| | Woori-Consus Capital | 220,000 | 44.0 | 220,000 | 44.0 | Dec. 31 |
| Woori F&I & Woori Bank | Woori Marine Second Asset Securitization Specialty | 335,820 | 30.0 | 335,820 | 30.0 | Dec. 31 |
| MARS First | Sempio Foods Company | 1,331,695 | 30.0 | 1,331,695 | 30.0 | Sep. 30(*9) |
| | Woori INS | 12,500 | 100.0 | | | Sep. 30(*9) |
| MARS Second | Seoul Lakeside Co., Ltd. | 76,000 | 47.5 | 76,000 | 47.5 | Dec. 31, 2007 |
| Woori PEF | Kumho Investment Bank(*8) | | | 7,100,000 | 41.4 | Dec. 31 |
| Woori PEF | Woori Renaissance Holdings | 1,260 | 51.6 | | | Dec.31 |

(*1) On May 29, 2008, Woori Investment Securities Co., Ltd. acquired 100% ownership interest of Woori Absolute Partners Pte. Ltd. (Woori Absolute Partners). Woori Absolute Partners is excluded from consolidation and accounted for using the equity method of accounting since its amount of common stock did not exceed (Won)7 billion when it was established.

(*2) On July 22, 2008, Woori Investment Securities Co., Ltd. acquired 100% ownership interest of Woori Absolute Asia Multi Strategy Fund and 100% ownership interest of Woori Absolute Asia Global Opportunity Fund. Woori Absolute Asia Multi Strategy Fund and Woori Absolute Asia Global Opportunity Fund are excluded from consolidation and accounted for using the equity method of accounting since its amount of common stock did not exceed (Won)7 billion when it was established.

(*3) Due to restriction of the voting rights on the investee, it is accounted for using the equity method of accounting and excluded from consolidation.

(*4) The investees reduced their capital for the year ended December 31, 2008. As a result, the number of shares owned decreased.

(*5) On September 29, 2008, Woori F&I acquired 45.5% ownership interest of Woori SB Ninth Asset Securitization Specialty Co., Ltd. (Woori SB Ninth SPC). Woori SB Ninth SPC is excluded from consolidation and accounted for using the equity method of accounting since its amount of common stock did not exceed (Won)7 billion when it was established.

(*6) On September 29, 2008, Woori F&I acquired 45.0% ownership interest of Woori SB Eleventh Asset Securitization Specialty Co., Ltd (Woori SB Eleventh SPC). On September 29, 2008, Woori F&I acquired 100% ownership interest of Woori F&I Ninth Asset Securitization Specialty Co., Ltd. (Woori SB Tenth SPC). Woori SB Eleventh SPC and Woori F&I Ninth SPC are excluded from consolidation and accounted for using the equity method of accounting since its amount of common stock did not exceed (Won)7 billion when it was established.

(*7) On October 9, 2008, Woori F&I acquired 40.0% ownership interest of Woori SB Twelfth Asset Securitization Specialty Co., Ltd. (Woori SB Twelfth SPC). Woori SB Twelfth SPC is excluded from consolidation and accounted for using the equity method of accounting since its amount of common stock did not exceed (Won)7 billion when it was established.

- (*8) Since total value of Woori Private Equity Fund s assets as of December 31, 2008 exceeded (Won)7 billion, it has been included in the consolidation scope of the Company.
- (*9) The financial statements for the year ended December 31, 2008 are not audited.

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(5) General information pertaining to affiliates of the Company and its subsidiaries accounted for using the equity method of accounting is as follows (Korean won in millions, US Dollars in thousands):

| Investees | Main business | Capital | Number of issued shares | Established date | Location | The rationale of application of equity method of accounting |
|--|--|------------|-------------------------|------------------|---------------|---|
| Korea BTL Infrastructure Fund | Financial business | 121,168 | 24,233,666 | 2006.5.19 | Seoul, Korea | Percentage of ownership exceeds 20%. |
| BC Card Co., Ltd. | Credit card & installment financing | 44,000 | 4,400,000 | Sep. 7, 1983 | Seoul, Korea | |
| Korea Credit Bureau | Investigation and reference of credit information of individuals | 10,000 | 2,000,000 | Feb. 23, 2005 | Seoul, Korea | Significant influence over the investee |
| Korea Finance Security Co., Ltd. | Security service/Investment | 6,000 | 1,200,000 | Dec. 7, 1990 | Seoul, Korea | Banking act |
| Woori Service Networks Co., Ltd. | Freight & staffing services | 480 | 96,000 | Aug. 1, 2005 | Seoul, Korea | The investee's material transaction with the investor |
| Woori SME Asset Securitization Specialty | Securitization | 5,460 | 1,092,000 | Aug. 1, 2005 | Seoul, Korea | Significant influence over the investee |
| Woori SME First ABS Co., Ltd. | Securitization | 8,297 | 1,659,360 | Oct. 25, 2005 | Seoul, Korea | |
| Woori Absolute Partners Pte. Ltd | Securities Investment | USD 5,000 | 50,000,000 | May. 29, 2008 | Singapore | Percentage of ownership exceeds 20%. |
| Woori Absolute Asia Multi Strategy Fund | | USD 60,000 | 60,000 | Jul. 21, 2008 | Cayman Island | |
| Woori Absolute Asia Global Opportunity Fund | | USD 35,000 | 35,000 | Jul. 21, 2008 | Cayman Island | |
| Athena Venture Fund | | USD 55,079 | | Sep. 22, 1997 | United States | |
| Woori SB First Asset Securitization Specialty | Securitization | 31,130 | 6,226,000 | Mar. 18, 2004 | Seoul, Korea | |
| Woori SB Third Asset Securitization Specialty | | 5,018 | 1,003,620 | Mar. 4, 2005 | Seoul, Korea | |
| Woori SB Fifth Asset Securitization Specialty | | 3,108 | 621,520 | Dec. 14, 2005 | Seoul, Korea | |
| Woori SB Sixth Asset Securitization Specialty | | 3,346 | 669,140 | Feb. 23, 2006 | Seoul, Korea | |
| Woori SB Seventh Asset Securitization Specialty | | 2,072 | 414,400 | Dec. 1, 2006 | Seoul, Korea | |
| Woori SB Eighth Asset Securitization Specialty | | 1,867 | 373,340 | Jun. 1, 2007 | Seoul, Korea | |
| Woori SB Ninth Asset Securitization Specialty | | 1,324 | 264,760 | Jun. 5, 2008 | Seoul, Korea | |
| Woori SB Eleventh Asset Securitization Specialty | | 1,750 | 350,060 | Sep. 10, 2008 | Seoul, Korea | |
| Woori SB Twelfth Asset Securitization Specialty | | 1,969 | 393,860 | Oct. 9, 2008 | Seoul, Korea | |
| Woori F&I Ninth Asset Securitization Specialty | | 171 | 34,260 | Sep. 9, 2008 | Seoul, Korea | |
| Woori BC Pegasus Asset Securitization Specialty | | 9,693 | 1,938,600 | Aug. 20, 2004 | Seoul, Korea | |
| Woori Marine Second Asset Securitization | | 5,597 | 1,119,400 | Mar. 28, 2005 | Seoul, Korea | |

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| | | | | |
|--|-------|---------|--------------|--------------|
| Specialty | | | | |
| Woori Marine Third Asset Securitization Specialty | 1,214 | 242,780 | May 26, 2005 | Seoul, Korea |
| Woori Stream First Asset Securitization Specialty | 2,118 | 423,520 | Jun. 2, 2006 | Seoul, Korea |
| Woori Stream Second Asset Securitization Specialty | 2,639 | 527,720 | Mar. 5, 2007 | Seoul, Korea |

| Investees | Main business | Capital | Number of issued shares | Established date | Location | The rationale of |
|--|--------------------------------|---------|-------------------------|------------------|--------------------|--------------------------------------|
| | | | | | | application of equity |
| | | | | | | method of accounting |
| Woori Stream Third Asset Securitization Specialty | Securitization | 1,906 | 381,180 | Sep. 3, 2007 | Seoul, Korea | Percentage of ownership exceeds 20%. |
| Woori Stream Fourth Asset Securitization Specialty | | 2,973 | 594,520 | Dec. 5, 2007 | Seoul, Korea | |
| Hiking-Woori Capital | | USD 500 | 500,000 | Nov. 28, 2006 | China | |
| Woori-Consus Capital | | USD 500 | 500,000 | Oct. 29, 2007 | China | |
| SEMPIO Foods Company | Food & Beverages Manufacturing | 4,444 | 4,444,000 | Dec. 9, 1971 | Seoul, Korea | |
| Woori INS | Securities Investment | 63 | 12,500 | Mar. 26, 2008 | Seoul, Korea | |
| Seoul Lakeside Co., Ltd. | Hotel | 1,600 | 160,000 | Aug. 22, 1986 | Gyeonggi-do, Korea | |
| Woori Renaissance Holdings | Other Financial business | 24 | 2,440 | Mar. 31, 2008 | Seoul, Korea | |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of 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 that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. dollar amounts is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of (Won)1,257.5 to US\$ 1.00 at December 31, 2008, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

The significant accounting policies followed in preparing the accompanying consolidated financial statements are summarized below.

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

Korea Accounting Standards Board (KASB) has been issuing new accounting standards that replaces the existing Korea Financial Accounting Standards (KFAS) and has issued SKASs No.1 to No.25. The Company had adopted SKASs No.1 to No.25 before the beginning of the 2008. No SKASs have been newly adopted for the year ended December 31, 2008. Significant SKASs amended are summarized below.

KFAS, SKAS, Interpretation on KFAS, Opinion on Application of Accounting Standards and Opinion on Financial Reporting Practice that were amended by the KASB and newly adopted by the Company for the year ended December 31, 2008 are summarized below.

| KFAS and others SKAS No. 8, | Description of the amendment |
|---|--|
| <i>Investments in Securities</i> | In rare cases, the trading securities may be reclassified as other categories of securities when an entity's intention changes not to trade the securities in the near future. |
| SKAS No.15, <i>Investments in Associates</i> | Amended SKAS No. 15 Investments in Associates requires that net income or loss and net assets on separate financial statements of a parent company equal to the investor's share on the consolidated financial statements unless the carrying amount of an investment in an associate falls below zero as a result of reflecting the associate's losses. |
| Interpretation 53-70, <i>Accounting for Derivatives and Others</i> | Classification criteria were established to clarify differentiation between guarantees and credit derivatives. Basis was provided to enable an entity to designate derivatives currently held as hedging instruments reflecting economic substance. |

Scope of hedge accounting on foreign currency exchange risk was expanded.

1) Amendment to SKAS No.15 Investments in Associates

Amended SKAS No. 15 Investments in Associates requires the net income (or loss) and net assets on separate financial statements of a parent company to be equal to the investor's share on the consolidated financial statements unless the carrying amount of an investment in an associate falls below zero as a result of reflecting the associate's losses. In addition, investment differences arisen from additional acquisition, disposal and capital contribution with consideration of the subsidiary are included in capital surplus or capital adjustments. As a result of this amendment, capital surplus and accumulated other comprehensive income decreased by (Won)682 million and (Won)1,392 million, respectively, and retained earnings increased by (Won)590 million for the year ended December 31, 2007.

2) Amendment to Interpretation for Derivatives

Woori Bank recorded credit derivatives sold as confirmed acceptances and guarantees for the year ended December 31, 2007, but as the Interpretation for Derivatives has been amended for the year ended December 31, 2008, Woori Bank has changed its accounting policy and a portion of credit derivatives sold is stated at fair value. Due to the change of Woori Bank's accounting policy, the Company retroactively adjusted the financial statements for the prior period and the effects of change for the year ended December 31, 2008 and 2007 are as follows (Korean won in millions except for net income per share):

| | Before | | After | | Effects of change | |
|---|------------|-----------|------------|-----------|-------------------|----------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Deferred income tax assets | 512,430 | 83,037 | 647,151 | 116,501 | 134,721 | 33,464 |
| Derivative instruments assets | 12,697,815 | 2,626,113 | 12,697,815 | 2,626,113 | | |
| Allowances for acceptances and guarantees | 142,794 | 115,161 | 137,730 | 110,097 | (5,064) | (5,064) |
| Derivative instruments liabilities | 13,318,982 | 2,951,296 | 13,801,576 | 3,078,048 | 482,594 | 126,752 |
| Retained earnings | 7,590,100 | 7,145,883 | 7,323,149 | 7,057,659 | (266,951) | (88,224) |
| Gain on valuation of derivatives | 11,972,712 | 2,256,828 | 11,972,898 | 2,256,828 | 186 | |
| Provision for allowances for acceptances and guarantees | 27,262 | 58,953 | 27,262 | 53,889 | | (5,064) |
| Loss on valuation of derivatives | 11,786,592 | 2,329,286 | 12,154,986 | 2,456,038 | 368,394 | 126,752 |
| Income tax expense | 704,037 | 834,232 | 602,780 | 800,768 | (101,257) | (33,464) |
| Net income | 855,453 | 2,201,994 | 588,502 | 2,113,770 | (266,951) | (88,224) |
| Basic controlling net income per share | 895 | 2,515 | 564 | 2,405 | (331) | (110) |

3) Amended to SKAS No. 8 Investments in Securities

In rare cases the Bank reclassified one trading security that the Bank's intention changes not to trade the security in the near future as available-for-sale security and reclassified amounts are 1,383 Korean won in millions.

b. Reclassification of financial statements for the prior period

For the comparative purpose, the Company and its subsidiaries have reclassified the balance sheet as of December 31, 2007 and statements of income, changes in shareholders' equity and cash flow for the year ended December 31, 2007. However, the above reclassifications have no effect on the Company and its subsidiaries' net assets as of December 31, 2007 and net income for the year ended December 31, 2007.

c. Consolidation accounting

1) Investment and equity account elimination and inter-company transaction elimination

The Company's investments in subsidiaries and equity accounts of subsidiaries were eliminated as of the date the Company obtained control of the subsidiaries. The differences between acquisition costs and proportionate net assets value on the acquisition date are recorded either in goodwill or negative goodwill. Goodwill is amortized using the straight-line method over 20 years or less. Negative goodwill arising with respect to identifiable non-monetary assets is recognized as income, as economic benefit embodied therein flow to the acquirer (when the assets are amortized or disposed). Negative goodwill in excess of the fair value of non-monetary assets, which is deemed arising from purchasing monetary assets at a lower price, is immediately recognized as a gain.

If additional shares are purchased after control of the subsidiaries is obtained, the differences between acquisition costs and net assets acquired are credited or charged to capital surplus. If the acquisition date is not the year-end balance sheet date of subsidiaries, the nearest accounting closing date to the actual acquisition date is deemed as the acquisition date.

All significant inter-company transactions are eliminated in the consolidated financial statements.

2) Overseas consolidated subsidiaries' financial statements' conversion rate

The Korean won amounts presented in the financial statements of the overseas consolidated subsidiaries were computed by translating U.S. dollar into Korean won based on the Base rate (\$1.00 to (Won)1,257.5 and (Won)938.2 at December 31, 2008 and 2007, respectively) published by Seoul Money Brokerage Service, Ltd. and cross rates.

3) Investment securities accounted for using the equity method of accounting

If the Company and its subsidiaries own 20% (bank subsidiary 15%) or more of voting shares of its investees, either directly or indirectly, the Company and its subsidiaries are presumed to have significant influence on the investees' management and accordingly, the investment equity securities in those investees are accounted for using the equity method of accounting. Investment equity securities are initially stated at their acquisition costs including incidental cost incurred in connection with acquisition of the related securities.

The excess of the acquisition cost over the proportionate net asset value on the acquisition date is amortized using the straight-line method over 20 years or less. The excess of the proportionate net asset value over the acquisition cost arising with respect to identifiable non-monetary assets are recognized as income, as economic benefits embodied therein flow to the acquirer (when the assets are amortized or disposed). The amount of the excess of the proportionate net asset value over the acquisition cost in excess of the fair value of non-monetary assets, which is deemed arising from purchasing monetary assets at a lower price, is immediately recognized as a gain.

The Company and its subsidiaries' interest in net assets of investees are added to or deducted from the investment securities. The Company and its subsidiaries' interest in net income or net loss of investees are reflected in current operations. Changes in retained earnings of the investees are reflected in the retained earnings account and changes in capital surplus or accumulated other comprehensive income of the investees are reflected in the accumulated other comprehensive income account of the Company and its subsidiaries.

4) Date of the consolidated financial statements

The accompanying financial statements are stated as of December 31, 2008 and 2007, the balance sheets date of the Company. In case the balance sheet dates of affiliates differ from the Company's, the Company used the consolidated balance sheets of affiliates as of December 31, 2008 and 2007, and the related consolidated statements of income for the years ended December 31, 2008 and 2007.

5) Minority interests

Minority interests in the net assets of consolidated subsidiaries are presented within equity and identified separately from the Company's interests in subsidiaries. In addition, the Company and its subsidiaries present net income of the consolidated entity in the consolidated statement of income and classify net income into controlling interest and minority interest.

d. Securities (excluding investment securities accounted for using the equity method of accounting)

Debt and equity securities are initially stated at their acquisition costs (fair value of considerations paid) including incidental costs incurred in connection with acquisition of the related securities using the moving average method and classified into trading, available-for-sale or held-to-maturity securities, based on the intent with respect to those securities. The Company and its subsidiaries classify securities as trading securities when those securities are held principally for the purpose of selling them in the near term. When the Company and its subsidiaries have the positive intent to hold such securities to maturity and the ability to do so, the debt securities are classified as held-to-maturity securities. All other securities are classified as available-for-sales securities.

The Company and its subsidiaries' accounting for securities, except for the equity securities accounted for using the equity method of accounting, are as follows:

1) Trading securities

Trading securities are stated at fair value with gains or losses on valuation charged to current operations.

2) Available-for-sale securities

Securities classified as available-for-sale are stated at fair value. Unrealized gains or losses on valuation of available-for-sale securities are included in accumulated other comprehensive income and the accumulated unrealized gains or losses are reflected in net income when the securities are sold or written down. Equity securities without readily determinable fair value can be stated at acquisition cost on the financial statement if the fair value of the securities is not credibly determinable.

The declines in the fair value (or recoverable value) of individual available-for-sale securities below their acquisition or amortized cost that are other than temporary, result in write-downs of the individual securities to their fair value. Factors in determining whether such declines in value are other than temporary are considered on each balance sheet date. The Company and its subsidiaries recognize the write-downs, estimating the recoverable value of individual available-for-sale securities unless there is a clear evidence to indicate that such write-downs are not deemed necessary. The related write-downs are recorded in current operations as loss on impairment of available-for-sale securities.

3) Held-to-maturity securities

Held-to-maturity securities are presented at acquisition cost after premiums or discounts for debt securities are amortized or accreted, respectively. The Company and its subsidiaries recognize write-downs resulting from the declines in the fair value, which is computed by discounting expected cash flows (recoverable cash flows) using the effective interest rate on the acquisition date, below their book value on balance sheet date and states those securities at the fair value. The related write-downs are recorded in current operations as loss on impairment of securities held-to-maturity.

4) Reversal of loss on impairment of available-for-sale and held-to-maturity securities

For available-for-sale securities, the reversal is recorded in current operations up to the previously recognized impairment loss as a reversal of loss on impairment of available-for-sale securities, and any excess is included in accumulated other comprehensive income as a gain on valuation of available-for-sale securities. However, if the increases in the fair value of the impaired securities are not regarded as a reversal of the impairment, the increases in the fair value are recorded in accumulated other comprehensive income. For equity securities without readily determinable fair value, which were impaired based on the net asset value, the reversal is recorded up to their acquisition cost. For held-to-maturity securities, the reversal is recorded in current operations up to the amount previously recognized impairment loss as a reversal of loss on impairment of held-to-maturity securities.

5) Reclassification of securities

If the objective and ability to hold securities of the Company and its subsidiaries change, available-for-sale securities can be reclassified to held-to-maturity securities and held-to-maturity securities can be reclassified to available-for-sale securities. Whereas, if the Company and its subsidiaries sell held-to-maturity securities, exercise a right to prepay or reclassify held-to-maturity securities to available-for-sale securities within the three fiscal years, all debt securities that are owned or purchased cannot be classified as held-to-maturity securities. On the other hand, trading securities cannot be reclassified to available-for-sale securities or held-to-maturity securities and securities in the other categories cannot be reclassified to trading securities. Nevertheless, trading securities can be reclassified to available-for-sale securities only when the fair value of the trading securities cannot be readily determinable. But in rare cases, the trading securities may be reclassified as other categories of securities when an entity's intention changes not to trade the securities in the near future.

When held-to-maturity securities are reclassified to available-for-sale securities, those securities are stated at the fair value on the reclassification date and the difference between the fair value and book value are recorded in accumulated other comprehensive income as gains or losses on valuation of available-for-sale securities. For available-for-sale securities reclassified to held-to-maturity securities, gains or losses on valuation of available-for-sale securities, which had been accumulated until the reclassification, continue to be stated on accumulated other comprehensive income and will be amortized using the effective interest method and be charged to interest income on maturity. The difference between the fair value on the reclassification date and the face value of the securities reclassified to held-to-maturity securities is amortized using the effective interest method and charged to interest income. In case the fair value of trading securities cannot be readily determinable and the trading securities may be reclassified as other categories of securities when an entity's intention changes not to trade the securities in the near future, the securities are reclassified to available-for-sale securities at the latest fair value.

e. Interest income recognition

The Company and its subsidiaries recognize interest income on loans on accrual basis, except for interest income on loans having overdue interest and principal, and loans to customers who are bankrupt. When a loan is reclassified as a non-interest-accrued loan, accrued interest income recorded in prior periods is reversed and future interest income is recognized on cash basis.

f. Allowance for possible losses on credits

The Company and its subsidiaries classify corporate credits based on the borrower's capacity to repay in consideration of the borrower's business operations, financial position and future cash flows, past due period and status of any bankruptcy proceedings. Credits to small companies and households, however, are classified by past due period and status of bankruptcy proceedings and not by evaluating the debt repayment capability of a borrower or customer. The Company and its subsidiaries classify all credits to a single borrower in the same category of classification, but credits guaranteed or credits collateralized by bank deposits, real estate and other assets may be classified differently based on the borrower's guarantor's capability to service such guarantee or based on the value of collateral securing such credits.

The classifications of the loans pursuant to the policies of the Company and its subsidiaries as of December 31, 2008 are as follows:

| Credit Rating | Classification | Loans to corporate | Loans to households | Credit card accounts |
|---------------|----------------|--------------------------|---------------------|----------------------|
| AAA ~ BB- | Normal | Not less than 0.85(0.9)% | Not less than 1% | Not less than 1.5% |
| B+, B-, C | Precautionary | Not less than 7% | Not less than 10% | Not less than 15% |
| D | Substandard | Not less than 20% | Not less than 20% | Not less than 20% |
| D | Doubtful | Not less than 50% | Not less than 55% | Not less than 60% |
| D | Loss | 100% | 100% | 100% |

The Company and its subsidiaries estimate the allowance for possible credit losses considering the Banking Regulations in the Republic of Korea, discounted future cash flows on individual or homogeneous loans, and expected loss rated based on historical loan loss experience.

The Company and its subsidiaries has provided the allowance for possible losses on portion of confirmed acceptances and guarantees, acceptances and guarantees to note endorsed and unconfirmed acceptances and guarantees based on the credit classification. In addition, the Company and its subsidiaries also provide other allowance for the unused credit line facility for cash advance and purchase of active credit card accounts and unused credit line of consumer and corporate loans.

g. Deferred loan origination fees and costs

The loan origination fees and costs are deferred and recorded as deductions from or additions to loans, when it is probable that future economic benefits associated with loan units will flow into the entity and when its cost can be measured reliably. The loan origination fees and costs are amortized or reversed in the straight-line method and adjusted to interest on loans.

h. Restructuring of loans

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 loan, 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.

i. Valuation of receivables and payables at present value

Receivables and payables incurred through long-term installment transactions, long-term borrowing and lending transactions, and other similar transactions are stated at present value of expected future cash flows with the gain or loss on disposition of related receivables and payables reflected in current operations, unless the difference between nominal value and present value is immaterial. Present value discount or premium is amortized using the effective interest rate method with the amortization recorded as interest income or interest expense.

j. Fixed assets and depreciation

Fixed assets are recorded at acquisition cost, except for assets revalued upward in accordance with the Asset Revaluation Law. Routine maintenance and repairs are expensed as incurred. Expenditures that result in enhancement of the value or extension of the useful lives of the facilities involved are capitalized as additions to fixed assets. The estimated useful lives and depreciation methodology applied by the Company and its subsidiaries are as follows:

| Assets | Depreciation methodology | Estimated useful lives |
|----------------------------|--|------------------------|
| Buildings | Straight line method | 20~50 years |
| Structure in leased office | Straight line method | 4~5, 40 years |
| Other operating assets | Declining method or straight line method | 4~20 years |
| Leased assets | Declining method | 5 years |

k. Intangible assets and amortization

Intangible assets are recorded at production cost or acquisition cost, plus incidental expenses. Expenditures incurred in conjunction with development of new products or technology and others, in which the elements of costs can be individually identified and future economic benefits are probably expected, are capitalized as development costs under intangible assets. If the Company or its subsidiaries donate assets such as buildings to the national government or to the local government and is given a right to use or benefit from the assets, the donated assets are recorded as beneficial donated assets under intangible assets. Intangible assets are amortized using the straight-line method over the estimated useful lives or contractual benefit period.

l. Valuation allowance for non-business use property

Non-business use property included in fixed assets is recorded when the Company acquires collateral by foreclosure. If the auction-bidding price is lower than book value, the difference is provided as a valuation allowance with the valuation loss charged to current operations.

m. Amortization of discount (premium) on debentures

Discounts or premiums on debentures issued are accreted or amortized over the period from issuance to maturity using the effective interest rate method. Accretion or amortization of discounts or premiums is recognized as interest expense or interest income on the debentures.

n. Recognition of asset impairment

When the book value of assets (except for trading securities, investment securities and assets valued at present value) exceeds the recoverable value of the assets due to obsolescence, physical damage or a sharp decrease in market value and the difference is material, those assets are adjusted to recoverable value in the balance sheet with the resulting impairment loss charged to current operations. If the recoverable value of assets increases in subsequent years, the increase in value is credited to operations as a gain until the recoverable value equals the book value of the assets before the impairment loss was recognized.

o. Accrued severance benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company and its subsidiaries. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate as of December 31, 2008 and 2007 amount to (Won)414,127 million and (Won)391,815 million, respectively (Note 23).

p. Policy reserves

In accordance with the Insurance Business Law, the Company and its subsidiaries are required to maintain policy reserves.

q. Bonds under resale or repurchase agreements

Bonds purchased under resale agreements are recorded as loans and bonds sold under repurchase agreements are recorded as borrowings when the Company and its subsidiaries purchase or sell securities under resale or repurchase agreements.

r. Accounting for derivative instruments

Derivative instruments are classified as either trading or hedging depending on their transaction purpose. Derivative instruments are accounted for at fair value with the valuation gain or loss recorded as assets or liabilities. The accounting for derivative transactions that are part of a qualified hedge, which is determined based both on the purpose of the transaction and on meeting the specified criteria for hedge accounting, differs depending on whether the transaction is a fair value hedge or a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations.

Cash flow hedge accounting is applied to a derivative instrument designated as hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecasted transaction that is attributable to a particular risk. The effective portion of gain or loss on a derivative instrument designated as a cash flow hedge is recorded as accumulated other comprehensive income and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as a accumulated other comprehensive income is reclassified to current earnings in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss in accumulated other comprehensive income is added to or deducted from the asset or the liability.

s. Income tax expense and deferred tax asset (liability)

Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets or liabilities. In addition, current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different period.

t. Accounting for foreign currency translation

The Korean won equivalent of assets and liabilities denominated in foreign currencies are translated in these consolidated financial statements based on Base Rate announced by Seoul Money Brokerage Service Ltd. ((Won)1,257.5 and (Won)938.2 to \$1.00 at December 31, 2008 and 2007, respectively) or arbitrage rates at the balance sheets date. Translation gains and losses on foreign currencies denominated assets and liabilities are credited or charged to operations.

u. Stock-based compensation

The Company presented stock options at fair value in accordance with Interpretation on KFAS 39-35. The stock-based compensation had been charged to general & administration expense in the statement of income and credited to capital adjustments over the contract term of the services provided. However, in 2006, the Company made a resolution that the stock-based compensation will be settled by paying cash instead of issuing equity instrument. Therefore, the Company reclassified the compensation cost from equity to liabilities and recognized the incremental cost between the award value at the date the resolution was made and the fair value at the date it was granted. The Company recorded stock based compensation cost subject to exercise as liabilities as of December 31, 2008.

v. Provisions, contingent liabilities and contingent assets

The Company and its subsidiaries record liabilities of uncertain timing or amount, when they have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If there is material difference between the nominal value and present value of a provision, the amount of the provision are stated at the present value of the expenditures expected to be required to settle the obligation. In case the expenditure required settling a provision is expected to be reimbursed by another third party, the reimbursement is recognized as a separate asset when, and only when, it is virtually certain that reimbursement will be received if the entity settles obligation. In this case, gains on the reimbursement are offset by related losses in income statement.

3. CASH AND DUE FROM BANKS

(1) Cash and due from banks as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|--|------------------|------------------|
| Cash | (Won) 3,748,788 | (Won) 3,485,011 |
| Foreign currencies | 417,885 | 295,671 |
| Due from banks in local currency | | |
| Due from Bank of Korea | 8,175,245 | 6,935,045 |
| Due from depository institutions | 1,792,423 | 1,649,711 |
| Due from non-depository financial institutions | 32,050 | 273,494 |
| Due from the Korea Stock Exchange | 1,222,895 | 996,939 |
| Others | 2,218 | 7,658 |
| | 11,224,831 | 9,862,847 |
| Due from banks in foreign currencies | | |
| Due from banks on demand | 1,251,143 | 880,648 |
| Due from banks on time | 367,034 | 262,525 |
| Others | 2,958,216 | 197,839 |
| | 4,576,393 | 1,341,012 |
| | (Won) 19,967,897 | (Won) 14,984,541 |

(2) Restricted due from banks as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 | Reason of restriction |
|--|------------------|-----------------|--------------------------------------|
| Due from banks in local currency | | | |
| Bank of Korea | (Won) 8,175,244 | (Won) 6,935,044 | Banking law |
| Korea Exchange | 376 | 251 | Indemnity fund and others |
| Korea Securities Finance Corporation | 1,117,033 | 1,234,853 | Regulation of securities supervision |
| Samsung Securities and others | 1,360 | 76,413 | Subscription for futures |
| Hana Bank and others | 338 | 731 | Collateral for borrowings |
| Shinhan Bank and others | 51 | 799 | Collateral for borrowings |
| Others | 8,063 | 1,616 | Collateral for guarantees and others |
| | 9,302,465 | 8,249,707 | |
| Due from banks in foreign currencies | | | |
| Bank of Korea | 568,397 | 134,484 | Banking law |
| Bank of Japan and others | 5,230 | 392,474 | Reserve deposits on overseas banks |
| Bangladesh Bank and others | 6,307 | 15,011 | Reserve deposits on overseas banks |
| Bank of Indonesia | 5,659 | 29,852 | Reserve deposits on overseas banks |
| Industrial & Commercial Bank of China and others | 23,567 | 7,887 | Reserve deposits on overseas banks |
| ING Bank and others | 2,695,801 | 122,399 | Collateral for suit |
| Others | 187,789 | 41,716 | Security deposit and others |
| | 3,492,750 | 743,823 | |
| | (Won) 12,795,215 | (Won) 8,993,530 | |

(3) The maturity structures of due from bank as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| | Less than 3 months | Less than 6 months | Less than 1 year | Less than 3 years | More than 3 years | Total |
|--------------------------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|--------------|
| <2008> | | | | | | |
| Due from banks in local currency | (Won) 3,352 | (Won) 114 | (Won) 163 | (Won) 588 | (Won) 7,008 | (Won) 11,225 |
| Due from banks in foreign currencies | 1,618 | 111 | 57 | 2,725 | 65 | 4,576 |
| | (Won) 4,970 | (Won) 225 | (Won) 220 | (Won) 3,313 | (Won) 7,073 | (Won) 15,801 |
| <2007> | | | | | | |
| Due from banks in local currency | (Won) 2,800 | (Won) 221 | (Won) 457 | (Won) 20 | (Won) 6,365 | (Won) 9,863 |
| Due from banks in foreign currencies | 1,154 | 52 | 13 | 122 | | 1,341 |
| | (Won) 3,954 | (Won) 273 | (Won) 470 | (Won) 142 | (Won) 6,365 | (Won) 11,204 |

4. TRADING SECURITIES

Details of trading securities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Face value | Acquisition cost | Fair value |
|--------------------------------------|-------------------|-------------------------|-------------------|
| <In local currency> | | | |
| Equity securities | | (Won) 414,290 | (Won) 381,702 |
| Government bonds | (Won) 2,914,165 | 2,960,244 | 3,179,507 |
| Financial debentures | 7,696,100 | 7,636,123 | 7,656,117 |
| Corporate bonds | 776,703 | 781,047 | 782,106 |
| Beneficiary certificates | | 421,957 | 384,707 |
| Others | | 3,815,575 | 3,841,793 |
| | | 16,029,236 | 16,225,932 |
| <In foreign currencies> | | | |
| Equity securities | | 359 | 359 |
| Bonds and others | 259,019 | 295,375 | 275,446 |
| | | 295,734 | 275,805 |
| | | (Won) 16,324,970 | (Won) 16,501,737 |

| <2007> | Face value | Acquisition cost | Fair value |
|--------------------------------------|-------------------|-------------------------|-------------------|
| <In local currency> | | | |
| Equity securities | | (Won) 387,229 | (Won) 378,679 |
| Government bonds | (Won) 1,320,266 | 1,268,826 | 1,272,623 |
| Financial debentures | 7,888,674 | 7,786,498 | 7,743,296 |
| Corporate bonds | 1,301,289 | 1,287,870 | 1,270,794 |
| Beneficiary certificates | | 1,046,333 | 1,096,182 |
| Others | | 4,326,866 | 4,340,144 |
| | | 16,103,622 | 16,101,718 |
| <In foreign currencies> | | | |
| Equity securities | | 2,269 | 2,481 |
| Bonds and others | 127,917 | 135,125 | 124,220 |
| | | 137,394 | 126,701 |
| | | (Won) 16,241,016 | (Won) 16,228,419 |

5. AVAILABLE-FOR-SALE SECURITIES

(1) Available-for-sale securities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

2008

2007

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| | | |
|--------------------------|------------------|------------------|
| <In local currency> | | |
| Equity securities | (Won) 3,008,601 | (Won) 4,760,991 |
| Capital contributions | 400,374 | 297,725 |
| Government bonds | 2,863,417 | 1,573,655 |
| Financial debentures | 7,574,271 | 10,877,690 |
| Corporate bonds | 1,135,332 | 1,382,835 |
| Beneficiary certificates | 1,727,690 | 1,211,680 |
| Others | 616,427 | 125,931 |
| | 17,326,112 | 20,230,507 |
| <In foreign currencies> | | |
| Equity securities | 279,547 | 182,054 |
| Bonds and others | 1,206,843 | 1,427,042 |
| Beneficiary Certificates | 294 | 3,441 |
| | 1,486,684 | 1,612,537 |
| | (Won) 18,812,796 | (Won) 21,843,044 |

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(2) Equity securities in available-for-sale securities as of December 31, 2008 and 2007 are as follows (Korean won in millions, shares in thousands):

| <2008> | Number of shares owned | Percentage of ownership (%) | Acquisition cost | Book value |
|---|-----------------------------------|--|-----------------------------|-----------------------|
| <Marketable equity Securities> | | | | |
| POSCO | 872 | 1.0 | (Won) 367,024 | (Won) 331,310 |
| Daewoo Engineering & Construction Co., Ltd. | 13,052 | 4.1 | 256,230 | 120,488 |
| KP Chemical Corporation | 8,167 | 8.4 | 16,342 | 36,669 |
| Ssangyong Cement Industry Co., Ltd | 850 | 1.1 | 14,275 | 5,676 |
| Hynix Semiconductor Inc. | 39,918 | 9.2 | 152,309 | 246,055 |
| Hyundai Eng. & Const. Co., Ltd. | 15,953 | 14.5 | 232,204 | 838,535 |
| Hyundai Corporation (*1) | 5,070 | 22.7 | 68,589 | 69,619 |
| Shinhan Financial Group. | 1,258 | 0.3 | 72,592 | 37,365 |
| SK Networks Co., Ltd. | 11,009 | 4.4 | 47,265 | 89,924 |
| Others | | | 128,006 | 165,391 |
| | | | 1,354,836 | 1,941,032 |
| <Non-marketable securities> | | | | |
| Stocks subject to fair value valuation: | | | | |
| Korea Aerospace Industries Ltd. (preferred stock) | 2,006 | 2.4 | 22,338 | 6,367 |
| Daewoo Electronics Corp. | 5,747 | 5.4 | 13,695 | 4,018 |
| Kocref-Cr-Reit 6 | 3,800 | 14.5 | 19,000 | 20,037 |
| New Airport Hiway Co., Ltd. | 923 | 2.1 | 5,072 | 14,053 |
| Korea Securities Finance Corporation | 9,518 | 14.0 | 48,462 | 67,000 |
| Korea Housing Guarantee Co., Ltd. | 6,899 | 1.1 | 10,014 | 27,687 |
| Hyundai Merchant Marine Co., Ltd. (preferred stock) | 3,334 | 2.2 | 50,005 | 51,748 |
| Kumho Life Insurance Co., Ltd. | 2,109 | 3.6 | 10,545 | 26,046 |
| Korea Exchange | 1,000 | 5.0 | 6,616 | 96,346 |
| Korea Securities Computer Corporation | 218 | 4.1 | 1,097 | 5,810 |
| Korea Infrastructure fund 2 | 8,342 | 15.3 | 84,746 | 85,780 |
| Kocref NPS Cr-Reit 2 | 6,000 | 13.3 | 30,000 | 41,934 |
| Others | | | 136,348 | 172,767 |
| Stocks excluded from fair value valuation: | | | | |
| Samsung Life Insurance Co., Ltd. | 555 | 2.8 | 159,262 | 159,262 |
| Kyongnam Trading Inc., | 60 | 10.0 | 300 | 300 |
| KiHyup Technology Banking Corp. | 400 | 6.9 | 2,000 | 2,000 |
| KIDB Bonds Brokerage Corp. | 100 | 8.0 | 500 | 500 |
| Hangaram Management Advisory Co., Ltd. | 30 | 10.0 | 300 | 300 |
| Hungkuk Investment Trust Management Co., Ltd. | 100 | 5.0 | 500 | 500 |
| My Asset Invest Management Advisory Co., Ltd. | 230 | 7.5 | 1,150 | 1,150 |
| I Venture Investment Co., Ltd. | 140 | 7.0 | 383 | 383 |
| MVP Capital Co., Ltd. | 200 | 9.6 | 1,000 | 1,000 |
| DOBEsys.Inc | 6 | 10.3 | 1,200 | 1,200 |
| KSEnergy Corporation | 4,017 | 7.2 | 5,959 | 5,959 |
| Reality Advisors Korea | 200 | 14.3 | 1,000 | 1,000 |
| Capital Partner | 100 | 7.1 | 500 | 500 |
| Others | | | 273,348 | 273,922 |
| | | | 885,340 | 1,067,569 |
| | | | (Won) 2,240,176 | (Won) 3,008,601 |

| <2007> | Number of shares owned | Percentage of ownership (%) | Acquisition cost | Book value |
|---|-----------------------------------|--|-----------------------------|-----------------------|
| <Marketable equity Securities> | | | | |
| POSCO | 872 | 1.0 | (Won) 367,024 | (Won) 501,324 |
| Daewoo Engineering & Construction Co., Ltd. | 13,559 | 4.1 | 255,944 | 308,618 |
| KP Chemical Corporation | 8,167 | 8.4 | 16,342 | 53,493 |
| Ssangyong Cement Industry Co., Ltd | 850 | 1.1 | 14,274 | 13,765 |
| Hynix Semiconductor Inc. | 39,918 | 9.2 | 152,309 | 1,042,408 |
| Hyundai Eng. & Const. Co., Ltd. | 15,953 | 14.5 | 232,204 | 1,190,354 |
| Hyundai Corporation (*1) | 5,070 | 22.7 | 68,589 | 103,497 |
| Shinhan Financial Group. | 1,258 | 0.3 | 72,592 | 67,307 |
| SK Networks Co., Ltd. | 11,009 | 4.4 | 47,265 | 231,314 |
| Hu-Chems | 605 | 2.8 | 8,984 | 11,635 |
| Others | | | 124,636 | 230,657 |
| | | | 1,360,163 | 3,754,372 |
| <Non-marketable securities> | | | | |
| Stocks subject to fair value valuation: | | | | |
| SK Networks Co., Ltd. (preferred stock) | 271 | 0.1 | 10,003 | 22,184 |
| Korea Aerospace Industries Ltd. (preferred stock) | 2,006 | 2.4 | 22,338 | 6,945 |
| Daewoo Electronics Corp. | 5,747 | 5.4 | 13,695 | 3,404 |
| Kocref-Cr-Reit 6 | 3,800 | 14.5 | 19,000 | 18,795 |
| New Airport Hiway Co., Ltd. | 923 | 2.1 | 5,072 | 13,238 |
| Korea Securities Finance Corporation | 9,419 | 13.8 | 47,968 | 63,087 |
| Korea Housing Guarantee Co., Ltd. | 6,899 | 1.1 | 10,014 | 27,665 |
| Hyundai Merchant Marine Co., Ltd. (preferred stock) | 3,334 | 2.2 | 50,005 | 50,628 |
| Kumho Life Insurance Co., Ltd. | 2,109 | 5.0 | 10,545 | 32,626 |
| Korea Exchange | 1,000 | 5.0 | 6,616 | 116,862 |
| Korea Securities Computer Corporation | 218 | 4.1 | 1,097 | 5,565 |
| Korea Infrastructure fund 2 | 7,277 | 15.3 | 34,208 | 72,785 |
| Kocref NPS Cr-Reit 2 | 6,000 | 13.3 | 30,000 | 43,860 |
| Others | | | 98,539 | 139,454 |
| Stocks excluded from fair value valuation: | | | | |
| Samsung Life Insurance Co., Ltd. | 555 | 2.8 | 159,262 | 159,262 |
| Kyongnam Trading Inc., | 60 | 10.0 | 300 | 300 |
| KiHyup Technology Banking Corp. | 400 | 6.9 | 2,000 | 2,000 |
| KIDB Bonds Brokerage Corp. | 100 | 8.0 | 500 | 500 |
| Kyobo Investment Trust Management | 300 | 5.0 | 1,500 | 1,500 |
| Delta Invest Management | | | | |
| Advisory Co., Ltd. | 55 | 6.7 | 550 | 550 |
| Paragon Management Advisory Co., Ltd. | 106 | 17.2 | 630 | 630 |
| Hangaram Management Advisory Co., Ltd. | 30 | 10.0 | 300 | 300 |
| Hungkuk Investment Trust Management Co., Ltd. | 100 | 5.0 | 500 | 500 |
| My Asset Invest Management Advisory Co., Ltd. | 230 | 7.5 | 1,150 | 1,150 |
| I Venture Investment Co., Ltd. | 140 | 7.0 | 383 | 383 |
| MVP Capital Co., Ltd. | 200 | 9.6 | 1,000 | 1,000 |
| DOBEsys.Inc | 6 | 10.3 | 1,200 | 1,200 |
| KSEnergy Corporation | 4,017 | 7.2 | 5,959 | 5,959 |
| Reality Advisors Korea | 200 | 14.3 | 1,000 | 1,000 |
| Capital Partner | 100 | 7.1 | 500 | 500 |
| Others | | | 261,378 | 212,787 |
| | | | 797,212 | 1,006,619 |
| | | | (Won) 2,157,375 | (Won) 4,760,991 |

(*1) Not accounted for using the equity method of accounting since the investee is under corporate restructuring by an agreement with credit committee.

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(3) Capital contribution in available-for-sale securities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 | |
|---|----------------------------|---------------|----------------------------|---------------|
| | Percentage of ownership(%) | Book value | Percentage of ownership(%) | Book value |
| Stock Market Stabilization Fund | 8.8 | (Won) 57 | 8.8 | (Won) 53 |
| Contributions to Fund for Consolidation of Bad Debts | 1.3 | 51,820 | 1.3 | 50,500 |
| Korea Asset Management Corp. | 5.1 | 18,533 | 5.1 | 18,533 |
| LG Investment Seventh Fund | 8.0 | 214 | 8.0 | 710 |
| Macquarie Opportunities | 8.5 | 68,688 | 8.5 | 37,295 |
| Consus Investment 3 rd Private Equity Fund | 19.6 | 22,200 | 19.6 | 13,463 |
| KTB 2005 Private Equity Fund | 14.7 | 14,545 | 14.7 | 13,713 |
| KTB 2006 Private Equity Fund | 3.2 | 8,588 | 3.2 | 8,355 |
| Others | | 215,729 | | 155,103 |
| | | (Won) 400,374 | | (Won) 297,725 |

(4) Debt securities in available-for-sale securities in local currency as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Face value | Acquisition cost | Amortized cost | Book value |
|----------------------|------------------|------------------|-----------------|------------------|
| Government bonds | (Won) 2,759,949 | (Won) 2,736,625 | (Won) 2,752,582 | (Won) 2,863,417 |
| Financial debentures | 7,538,554 | 7,469,568 | 7,447,613 | 7,574,271 |
| Corporate bonds | 1,157,663 | 1,116,948 | 1,121,838 | 1,135,332 |
| | (Won) 11,456,166 | (Won) 11,323,141 | 11,322,033 | (Won) 11,573,020 |

| <2007> | Face value | Acquisition cost | Amortized cost | Book value |
|----------------------|------------------|------------------|------------------|------------------|
| Government bonds | (Won) 1,599,213 | (Won) 1,602,737 | (Won) 1,584,394 | (Won) 1,573,655 |
| Financial debentures | 11,019,284 | 10,911,342 | 10,960,061 | 10,877,690 |
| Corporate bonds | 1,482,359 | 1,404,205 | 1,387,372 | 1,382,835 |
| | (Won) 14,100,856 | (Won) 13,918,284 | (Won) 13,931,827 | (Won) 13,834,180 |

(5) Beneficial certificates in available-for-sale securities in local currency as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 | |
|--------------------------------------|------------------|---------------|------------------|---------------|
| | Acquisition cost | Fair value | Acquisition cost | Fair value |
| Woori CS Asset Management | (Won) 199,845 | (Won) 198,476 | (Won) 357,970 | (Won) 367,430 |
| Development Bank Asset Management | 467,928 | 469,221 | 633 | 1,302 |
| Yurie Asset Management | 140,000 | 140,938 | 50,000 | 50,187 |
| KB Asset Management | 114,087 | 102,889 | 55,707 | 56,388 |
| Daol Investment Trust Management | 24,444 | 24,650 | 26,000 | 26,276 |
| Hungkuk Investment Trust Management | 55,340 | 53,621 | 63,426 | 63,506 |
| Korea Investment Trust Management | 13,483 | 11,891 | 3,000 | 3,225 |
| CJ Investment Trust Management | 13,333 | 13,534 | 30,000 | 35,571 |
| TongYang Investment Trust Management | 16,075 | 16,131 | 25,000 | 25,033 |

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| | | | | |
|--------|-----------------|-----------------|-----------------|-----------------|
| Others | 723,469 | 696,339 | 489,085 | 582,762 |
| | (Won) 1,768,004 | (Won) 1,727,690 | (Won) 1,100,821 | (Won) 1,211,680 |

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(6) Other available-for-sale securities in local currency as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 | |
|--------------------------------|------------------|---------------|------------------|---------------|
| | Acquisition cost | Fair value | Acquisition cost | Fair value |
| Bills bought in local currency | (Won) 597,467 | (Won) 597,492 | (Won) 105,186 | (Won) 101,916 |
| Others | 36,154 | 18,935 | 1,011 | 24,015 |
| | (Won) 633,621 | (Won) 616,427 | (Won) 106,197 | (Won) 125,931 |

(7) Available-for-sales securities in foreign currencies as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Face value | Acquisition cost | Fair value | Book value |
|--------------------------|------------|------------------|-----------------|-----------------|
| Equity securities | | (Won) 328,025 | (Won) 279,547 | (Won) 279,547 |
| Bonds | 2,366,751 | 2,556,678 | 1,206,843 | 1,206,843 |
| Beneficiary certificates | | 355 | 294 | 294 |
| | | (Won) 2,885,058 | (Won) 1,486,684 | (Won) 1,486,684 |
| <2007> | Face value | Acquisition cost | Fair value | Book value |
| Equity securities | | (Won) 182,464 | (Won) 182,054 | (Won) 182,054 |
| Bonds | 1,944,499 | 1,964,723 | 1,427,042 | 1,427,042 |
| Beneficiary certificates | | 23,481 | 3,441 | 3,441 |
| | | (Won) 2,170,668 | (Won) 1,612,537 | (Won) 1,612,537 |

6. HELD-TO-MATURITY SECURITIES

Held-to-maturity securities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Face value | Acquisition cost | Amortized cost (book value) | Fair value |
|--------------------------|------------------|------------------|-----------------------------|------------------|
| <In local currency> | | | | |
| Government bonds | (Won) 1,922,569 | (Won) 1,875,797 | (Won) 1,881,038 | (Won) 1,915,430 |
| Financial debentures | 6,755,000 | 6,743,290 | 6,739,920 | 6,866,765 |
| Corporate bonds | 1,188,634 | 1,198,030 | 1,187,006 | 1,202,876 |
| Beneficiary certificates | 2,351 | 2,351 | 2,351 | 2,354 |
| | 9,868,554 | 9,819,468 | 9,810,315 | 9,987,425 |
| <In foreign currencies> | 183,715 | 183,594 | 183,471 | 183,471 |
| <Loaned securities> | 12,617 | 12,497 | 12,497 | 14,415 |
| | (Won) 10,064,886 | (Won) 10,015,559 | (Won) 10,006,283 | (Won) 10,185,311 |

| <2007> | Face value | Acquisition cost | Amortized cost (book value) | Fair value |
|---------------------|------------|------------------|-----------------------------|------------|
| <In local currency> | | | | |

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| | | | | |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| Government bonds | (Won) 2,373,871 | (Won) 2,269,130 | (Won) 2,329,081 | (Won) 2,290,751 |
| Financial debentures | 4,425,000 | 4,422,567 | 4,421,184 | 4,383,401 |
| Corporate bonds | 1,288,200 | 1,307,643 | 1,291,126 | 1,275,781 |
| | 8,087,071 | 7,999,340 | 8,041,391 | 7,949,933 |
| <In foreign currencies> | 143,765 | 143,661 | 145,933 | 145,933 |
| <Loaned securities> | 12,617 | 12,497 | 12,497 | 12,328 |
| | (Won) 8,243,453 | (Won) 8,155,498 | (Won) 8,199,821 | (Won) 8,108,194 |

7. STRUCTURED SECURITIES AND PRIVATE EQUITY FUNDS

(1) Structured securities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Face value | | Fair value (book value) | | Inherent risks |
|--|-------------------|-----------------|------------------------------------|-----------------|---|
| <Structured securities related to stock> | | | | | |
| Convertible bonds | (Won) | 13,635 | (Won) | 2,997 | Stock price deflation |
| Bonds with warrants | | 14,014 | | 11,483 | |
| Market index funds | | 929,866 | | 503,572 | Market index deflation |
| | | 957,515 | | 518,052 | |
| <Structured securities related to credit risk> | | | | | |
| Asset backed securities | | 1,148,790 | | 68,440 | Credit risk of underlying assets |
| Others | | 72,012 | | 39,561 | |
| | | 1,220,802 | | 108,001 | |
| <Structured securities related to interest rate> | | | | | |
| Floating rate notes related to short-term government bonds interest rate | | 159,523 | | 159,560 | Fluctuation on spread of swap interest rate |
| Other | | 29,000 | | 28,716 | |
| | | 188,523 | | 188,276 | |
| | | (Won) 2,366,840 | | (Won) 814,329 | |
| <2007> | Face value | | Fair value (book value) | | Inherent risks |
| <Structured securities related to stock> | | | | | |
| Convertible bonds | (Won) | 470 | (Won) | 470 | Stock price deflation |
| Bonds with warrants | | 2,054 | | 433 | |
| Market index funds | | 1,825,642 | | 1,397,878 | Market index deflation |
| | | 1,828,166 | | 1,398,781 | |
| <Structured securities related to credit risk> | | | | | |
| Credit linked notes | | 28,146 | | 25,047 | Credit risk of underlying assets |
| Asset backed securities | | 872,647 | | 390,047 | |
| Others | | 55,774 | | 48,191 | |
| | | 956,567 | | 463,285 | |
| <Structured securities related to interest rate> | | | | | |
| CMS linked notes | | 110,000 | | 109,436 | Fluctuation on spread of swap interest rate |
| | | (Won) 2,894,733 | | (Won) 1,971,502 | |

(2) Private equity funds and entrusted assets to investment as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|--------------------------|------------------------|------------------------|
| Due from banks | (Won) 395,926 | (Won) 368,364 |
| Securities | 713,564 | 1,016,034 |
| Loans | 72,099 | 279,380 |
| Other assets | 37,412 | 24,077 |
| Derivative assets | | 492 |
| Total assets | 1,219,001 | 1,688,347 |
| Other liabilities | 75,749 | 95,880 |
| Derivative liabilities | | 123 |
| Total liabilities | 75,749 | 96,003 |
| Total net assets | (Won) 1,143,252 | (Won) 1,592,344 |

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD OF ACCOUNTING

- (1) Valuation of investment equity securities accounted for using the equity method of accounting for the year ended December 31, 2008 are as follows (Korean won in millions):

| | Acquisition cost | Jan. 1, 2008 | Gain (loss) on valuation | Other increase (decrease) | Dec. 31, 2008 |
|---|---------------------|--------------|-----------------------------|------------------------------|---------------|
| | (Won) | (Won) | (Won) | (Won) | (Won) |
| BC Card | 11,668 | 70,955 | 51,963 | 25,121 | 148,039 |
| Korea BTL Infrastructure Fund | 122,000 | | 9,778 | 207,319 | 217,097 |
| Korea Finance Security | 758 | 3,013 | 78 | (82) | 3,009 |
| Korea Credit Bureau | 4,500 | 3,171 | (103) | | 3,068 |
| Woori Service Networks Co., Ltd. | 24 | 82 | (6) | (5) | 71 |
| Woori SME Asset Securitization Specialty | 273 | 226 | 18 | (57) | 187 |
| Woori SME First ABS Co., Ltd. | 415 | 333 | 105 | (30) | 408 |
| Woori Private Equity Fund | 124,363 | 128,535 | | (128,535) | |
| Woori Absolute Partners Pte.Ltd | 5,189 | | (303) | 6,259 | 5,956 |
| Athena Venture Fund | 13,175 | 6,631 | (885) | (2,616) | 3,130 |
| Sempio Foods Company | 22,915 | 25,090 | 4,929 | (107) | 29,912 |
| Woori INS | 10,510 | | | 10,510 | 10,510 |
| Seoul Lakeside Co.,Ltd. | 270,000 | 251,287 | (12,916) | | 238,371 |
| Woori F&I Fifth Asset Securitization Specialty | 9,035 | 10,264 | | (10,264) | |
| Woori F&I Sixth Asset Securitization Specialty | 4,849 | 359 | | (359) | |
| Woori F&I Seventh Asset Securitization Specialty | 5,175 | 5,089 | | (5,089) | |
| Woori F&I Ninth Asset Securitization Specialty | 1,713 | | 348 | 1,710 | 2,058 |
| Woori SB First Asset Securitization Specialty | 9,339 | 263 | (266) | 9 | 6 |
| Woori SB Third Asset Securitization Specialty | | 2,937 | (87) | (2,851) | (1) |
| Woori SB Fifth Asset Securitization Specialty | 3,773 | 7,572 | 116 | (5,677) | 2,011 |
| Woori SB Sixth Asset Securitization Specialty | 5,477 | 6,672 | 236 | (4,989) | 1,919 |
| Woori SB Seventh Asset Securitization Specialty | 3,585 | 6,147 | 437 | (3,918) | 2,666 |
| Woori SB Eighth Asset Securitization Specialty | 2,787 | 3,158 | 407 | (1,124) | 2,441 |
| Woori SB Ninth Asset Securitization Specialty | 5,957 | | (83) | 5,898 | 5,815 |
| Woori SB Eleventh Asset Securitization Specialty | 7,876 | | (551) | 7,864 | 7,313 |
| Woori SB Twelfth Asset Securitization Specialty | 7,877 | | (347) | 7,865 | 7,518 |
| Woori BC Pegasus Asset Securitization Specialty | 2,908 | | (679) | 678 | (1) |
| Woori Marine Second Asset Securitization Specialty | 1,679 | 1,768 | 839 | (2,607) | |
| Woori Marine Third Asset Securitization Specialty | 5,952 | 5,745 | 1,217 | (5,270) | 1,692 |
| Woori Stream First Asset Securitization Specialty | 5,270 | 6,117 | 1,908 | (7,018) | 1,007 |

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| | | | | | |
|---|-------|-------|-------|---------|-------|
| Woori Stream Second Asset Securitization Specialty | 5,154 | 4,369 | 951 | (1,651) | 3,669 |
| Woori Stream Third Asset Securitization Specialty | 3,664 | 3,807 | 124 | (658) | 3,273 |
| Woori Stream Fourth Asset Securitization Specialty | 6,850 | 5,319 | 1,589 | 483 | 7,391 |
| Hiking-Woori Capital | 230 | | 1,363 | (311) | 1,052 |

| | Acquisition cost | Jan. 1, 2008 | Gain (loss) on valuation | Other increase (decrease) | Dec. 31, 2008 |
|--|---------------------|---------------|-----------------------------|------------------------------|---------------|
| Woori-Consus | 227 | 183 | (317) | 134 | |
| E-land World | 50,000 | | (2,127) | 2,127 | |
| Woori Renaissance Holdings | 63,000 | | (2,172) | 62,849 | 60,677 |
| Woori Absolute Asia Multi Strategy Fund | 60,756 | | 132 | 75,462 | 75,594 |
| Woori Absolute Asia Global Opportunity Fund | 35,441 | | 189 | 44,030 | 44,219 |
| | (Won) 894,364 | (Won) 559,092 | (Won) 55,885 | (Won) 275,100 | (Won) 890,077 |

- (2) Valuation of investment equity securities accounted for using the equity method of accounting for the year ended December 31, 2007 are as follows (Korean won in millions):

| | Acquisition cost | Jan. 1, 2007 | Gain (loss) on valuation | Other increase (decrease) | Dec. 31, 2007 |
|---|---------------------|--------------|-----------------------------|------------------------------|---------------|
| BC Card | (Won) 11,668 | (Won) 60,746 | (Won) 11,393 | (Won) (1,184) | (Won) 70,955 |
| Korea Finance Security | 758 | 2,443 | 625 | (55) | 3,013 |
| Korea Credit Bureau | 4,500 | 3,530 | (143) | (216) | 3,171 |
| Woori Service Networks Co., Ltd. | 24 | 53 | 31 | (2) | 82 |
| Woori SME Asset Securitization Specialty | 273 | 86 | 140 | | 226 |
| Woori SME First ABS Co., Ltd. | 415 | 269 | 64 | | 333 |
| Woori Private Equity Fund | 128,296 | | 2,212 | 126,323 | 128,535 |
| Connacht Capital | 17,897 | 25,923 | | (25,923) | |
| Athena Venture Fund | 13,175 | 9,733 | 11,607 | (14,709) | 6,631 |
| Sempio Foods Company | 22,915 | 16,696 | 1,783 | 6,611 | 25,090 |
| Seoul Lakeside Co.,Ltd. | 270,000 | | (18,713) | 270,000 | 251,287 |
| Woori F&I Fourth Asset Securitization Specialty | 33 | 172 | 6 | (178) | |
| Woori F&I Fifth Asset Securitization Specialty | 9,035 | | 1,783 | 8,481 | 10,264 |
| Woori F&I Sixth Asset Securitization Specialty | 4,849 | | (91) | 450 | 359 |
| Woori F&I Seventh Asset Securitization Specialty | 5,175 | | (78) | 5,167 | 5,089 |
| Woori SB First Asset Securitization Specialty | 9,339 | | 215 | 48 | 263 |
| Woori SB Third Asset Securitization Specialty | 11,274 | 9,906 | 631 | (7,600) | 2,937 |
| Woori SB Fifth Asset Securitization Specialty | 7,373 | 14,178 | 1,692 | (8,298) | 7,572 |
| Woori SB Sixth Asset Securitization Specialty | 6,977 | 9,343 | 2,957 | (5,628) | 6,672 |
| Woori SB Seventh Asset Securitization Specialty | 3,608 | 9,637 | 924 | (4,414) | 6,147 |
| Woori SB Eighth Asset Securitization Specialty | 2,787 | | 582 | 2,576 | 3,158 |
| Woori BC Pegasus Asset Securitization Specialty | 2,908 | 650 | (668) | 18 | |
| Woori Marine First Asset Securitization Specialty | 1,469 | 910 | (21) | (889) | |
| Woori Marine Second Asset Securitization Specialty | 1,679 | 2,644 | 199 | (1,075) | 1,768 |

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| | | | | | |
|---|-------|-------|-------|---------|-------|
| Woori Marine Third Asset Securitization Specialty | 5,952 | 7,745 | 1,669 | (3,669) | 5,745 |
| Woori Stream First Asset Securitization Specialty | 5,270 | 7,988 | 3,654 | (5,525) | 6,117 |
| Woori Stream Second Asset Securitization Specialty | 5,154 | | 1,333 | 3,036 | 4,369 |
| Woori Stream Third Asset Securitization Specialty | 3,664 | | (523) | 4,330 | 3,807 |

| | Acquisition cost | Jan. 1, 2007 | Gain (loss) on valuation | Other increase (decrease) | Dec. 31, 2007 |
|---|---------------------|---------------|-----------------------------|------------------------------|---------------|
| Woori Stream Fourth Asset Securitization Specialty | 6,850 | | (30) | 5,349 | 5,319 |
| Hiking-Woori Capital | 230 | | (597) | 597 | |
| Woori-Consus | 227 | | (23) | 206 | 183 |
| | (Won) 563,774 | (Won) 182,652 | (Won) 22,613 | (Won) 353,827 | (Won) 559,092 |

9. CLASSIFICATION OF SECURITIES

(1) Securities in foreign currencies by country as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 | |
|--|-----------------|-----------|-----------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) |
| <Trading securities> | | | | |
| Korea | (Won) 232,523 | 84.30 | (Won) 100,108 | 79.01 |
| United States | 11,020 | 4.00 | 4,744 | 3.74 |
| Others | 32,262 | 11.70 | 21,849 | 17.24 |
| | 275,805 | | 126,701 | |
| <Available-for-sales securities> | | | | |
| Korea | 432,132 | 29.07 | 297,438 | 18.45 |
| United States | 245,008 | 16.48 | 209,617 | 13.00 |
| Cayman islands | 147,107 | 9.89 | 370,175 | 22.96 |
| China | 130,598 | 8.78 | | |
| United Kingdom | 42,100 | 2.83 | | |
| Philippines | 2,012 | 0.14 | 1,501 | 0.09 |
| Others | 487,727 | 32.81 | 733,806 | 45.51 |
| | 1,486,684 | | 1,612,537 | |
| <Held-to-maturity securities> | | | | |
| Korea | 55,180 | 30.08 | 31,483 | 21.57 |
| United States | 12,032 | 6.56 | 18,719 | 12.83 |
| Indonesia | 89,360 | 48.71 | 95,731 | 65.60 |
| Others | 26,899 | 14.65 | | |
| | 183,471 | | 145,933 | |
| <Investments accounted for using equity method of accounting> | | | | |
| United States | 3,130 | 3.65 | 6,631 | 97.31 |
| China | 1,052 | 1.23 | 183 | 2.69 |
| Others | 81,551 | 95.12 | | |
| | 85,733 | | 6,814 | |
| | (Won) 2,031,693 | | (Won) 1,891,985 | |

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(2) Securities by type as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | In local currency | | In foreign currencies | | Total | |
|--------------------------|-------------------|-----------|-----------------------|-----------|------------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) |
| <Trading securities> | | | | | | |
| Securities | (Won) 381,702 | 2.35 | (Won) 359 | 0.13 | (Won) 382,061 | 2.32 |
| Floating rate bonds | 240,527 | 1.48 | | | 240,527 | 1.46 |
| Fixed rate bonds | 11,377,203 | 70.12 | 264,696 | 95.97 | 11,641,899 | 70.55 |
| Beneficiary certificates | 384,707 | 2.37 | 4,369 | 1.58 | 389,076 | 2.36 |
| Other | 3,841,793 | 23.68 | 6,381 | 2.32 | 3,848,174 | 23.32 |
| | (Won) 16,225,932 | | (Won) 275,805 | | (Won) 16,501,737 | |

| | | | | | | |
|----------------------------------|------------------|-------|-----------------|-------|------------------|-------|
| <Available-for-sales securities> | | | | | | |
| Securities | (Won) 3,008,601 | 17.36 | (Won) 279,547 | 18.80 | (Won) 3,288,148 | 17.48 |
| Capital contribution | 400,374 | 2.31 | | | 400,374 | 2.13 |
| Floating rate bonds | 421,307 | 2.43 | 459,221 | 30.89 | 880,528 | 4.68 |
| Fixed rate bonds | 11,071,011 | 63.90 | 622,326 | 41.86 | 11,693,337 | 62.16 |
| Convertible bonds | 80,702 | 0.47 | 2,316 | 0.16 | 83,018 | 0.44 |
| Beneficiary certificate | 1,727,690 | 9.97 | 294 | 0.02 | 1,727,984 | 9.19 |
| Other | 616,427 | 3.56 | 122,980 | 8.27 | 739,407 | 3.92 |
| | (Won) 17,326,112 | | (Won) 1,486,684 | | (Won) 18,812,796 | |

| | | | | | | |
|-------------------------------|-----------------|-------|---------------|-------|------------------|-------|
| <Held-to-maturity securities> | | | | | | |
| Floating rate bonds | (Won) 88,541 | 0.90 | (Won) 92,362 | 50.34 | (Won) 180,903 | 1.81 |
| Fixed rate bonds | 9,731,920 | 99.07 | 89,360 | 48.71 | 9,821,280 | 98.15 |
| Other | 2,351 | 0.03 | 1,749 | 0.95 | 4,100 | 0.04 |
| | (Won) 9,822,812 | | (Won) 183,471 | | (Won) 10,006,283 | |

| <2007> | In local currency | | In foreign currencies | | Total | |
|--------------------------|-------------------|-----------|-----------------------|-----------|------------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) |
| <Trading securities> | | | | | | |
| Securities | (Won) 378,679 | 2.35 | (Won) 2,481 | 1.96 | (Won) 381,160 | 2.35 |
| Floating rate bonds | 197,932 | 1.23 | 7,959 | 6.28 | 205,891 | 1.27 |
| Fixed rate bonds | 10,088,781 | 62.66 | 113,960 | 89.94 | 10,202,741 | 62.87 |
| Beneficiary certificates | 1,096,182 | 6.81 | 1,881 | 1.48 | 1,098,063 | 6.77 |
| Other | 4,340,144 | 26.95 | 420 | 0.34 | 4,340,564 | 26.74 |
| | (Won) 16,101,718 | | (Won) 126,701 | | (Won) 16,228,419 | |

| | | | | | | |
|----------------------------------|------------------|-------|-----------------|-------|------------------|-------|
| <Available-for-sales securities> | | | | | | |
| Securities | (Won) 4,760,991 | 23.53 | (Won) 182,054 | 11.29 | (Won) 4,943,045 | 22.63 |
| Capital contribution | 297,725 | 1.47 | | | 297,725 | 1.36 |
| Floating rate bonds | 1,026,645 | 5.07 | 691,413 | 42.88 | 1,718,058 | 7.87 |
| Fixed rate bonds | 12,857,512 | 63.56 | 735,159 | 45.59 | 13,592,671 | 62.23 |
| Convertible bonds | | | 470 | 0.03 | 470 | |
| Beneficiary certificate | 1,211,680 | 5.99 | 3,441 | 0.21 | 1,215,121 | 5.56 |
| Other | 75,954 | 0.38 | | | 75,954 | 0.35 |
| | (Won) 20,230,507 | | (Won) 1,612,537 | | (Won) 21,843,044 | |

<Held-to-maturity securities>

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| | | | | | | | | | |
|---------------------|-------|-----------|-------|-------|---------|-------|-------|-----------|-------|
| Floating rate bonds | (Won) | 174,700 | 2.17 | (Won) | 31,483 | 21.57 | (Won) | 206,183 | 2.51 |
| Fixed rate bonds | | 7,879,188 | 97.83 | | 114,450 | 78.43 | | 7,993,638 | 97.49 |
| | (Won) | 8,053,888 | | (Won) | 145,933 | | (Won) | 8,199,821 | |

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(3) Bonds by issuer and others by industry as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | In local currency | | In foreign currencies | | Total | |
|---|--------------------------|------------------|------------------------------|------------------|------------------|------------------|
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) |
| <Trading securities> | | | | | | |
| Others excluding bonds: | | | | | | |
| Manufacturing | (Won) 407,562 | 8.84 | (Won) 2,936 | 11.11 | (Won) 410,498 | 8.86 |
| Construction | 94,272 | 2.04 | | | 94,272 | 2.03 |
| Retail | 17,763 | 0.39 | | | 17,763 | 0.38 |
| Finance & insurance | 3,277,317 | 71.12 | 8,837 | 33.44 | 3,286,154 | 70.91 |
| Others | 811,288 | 17.61 | 14,650 | 55.45 | 825,938 | 17.82 |
| | (Won) 4,608,202 | | (Won) 26,423 | | (Won) 4,634,625 | |
| Bonds: | | | | | | |
| Government & Government owned corporate | (Won) 2,616,758 | 22.52 | (Won) | | (Won) 2,616,758 | 22.05 |
| Financial institutions | 7,874,942 | 67.79 | | | 7,874,942 | 66.36 |
| Corporations | 1,126,030 | 9.69 | 249,382 | 100.00 | 1,375,412 | 11.59 |
| | (Won) 11,617,730 | | (Won) 249,382 | | (Won) 11,867,112 | |
| <Available-for-sales securities> | | | | | | |
| Others excluding bonds: | | | | | | |
| Manufacturing | (Won) 750,549 | 13.05 | (Won) 391 | 0.14 | (Won) 750,940 | 12.45 |
| Construction | 994,377 | 17.28 | | | 994,377 | 16.48 |
| Retail | 203,008 | 3.53 | | | 203,008 | 3.37 |
| Finance & insurance | 3,287,352 | 57.14 | 276,538 | 98.82 | 3,563,890 | 59.07 |
| Others | 517,806 | 9.00 | 2,912 | 1.04 | 520,718 | 8.63 |
| | (Won) 5,753,092 | | (Won) 279,841 | | (Won) 6,032,933 | |
| Bonds: | | | | | | |
| Government & Government owned corporate | (Won) 7,321,356 | 63.26 | (Won) 22,704 | 1.88 | (Won) 7,344,060 | 57.46 |
| Financial institutions | 3,658,344 | 31.61 | 872,266 | 72.28 | 4,530,610 | 35.45 |
| Corporations | 342,388 | 2.96 | 197,685 | 16.38 | 540,073 | 4.23 |
| Others | 250,932 | 2.17 | 114,188 | 9.46 | 365,120 | 2.86 |
| | (Won) 11,573,020 | | (Won) 1,206,843 | | (Won) 12,779,863 | |
| <Held-to-maturity securities> | | | | | | |
| Other excluding bonds: | | | | | | |
| Other | (Won) 2,351 | 100.00 | (Won) | | (Won) 2,351 | 100.00 |
| | (Won) 2,351 | | (Won) | | (Won) 2,351 | |
| Bonds: | | | | | | |
| Government & Government owned corporate | (Won) 6,898,792 | 70.25 | (Won) 91,110 | 49.66 | (Won) 6,989,902 | 69.87 |
| Financial institutions | 2,530,349 | 25.77 | 92,361 | 50.34 | 2,622,710 | 26.22 |
| Corporations | 146,644 | 1.49 | | | 146,644 | 1.46 |
| Others | 244,676 | 2.49 | | | 244,676 | 2.45 |
| | (Won) 9,820,461 | | (Won) 183,471 | | (Won) 10,003,932 | |

<Market index funds>

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| | | | | | | | |
|------------------------|-------|---------|--------|-------|-------|---------|--------|
| Financial institutions | (Won) | 503,572 | 100.00 | (Won) | (Won) | 503,572 | 100.00 |
|------------------------|-------|---------|--------|-------|-------|---------|--------|

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| <2007> | In local currency | | In foreign currencies | | Total | |
|---|-------------------|-----------|-----------------------|-----------|------------------|-----------|
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) |
| <Trading securities> | | | | | | |
| Others excluding bonds: | | | | | | |
| Manufacturing | (Won) 353,031 | 6.07 | (Won) 531 | 11.11 | (Won) 353,562 | 6.08 |
| Construction | 109,954 | 1.89 | | | 109,954 | 1.89 |
| Retail | 22,035 | 0.38 | | | 22,035 | 0.38 |
| Finance & insurance | 4,670,183 | 80.31 | 1,599 | 33.44 | 4,671,782 | 80.27 |
| Others | 659,802 | 11.35 | 2,652 | 55.45 | 662,454 | 11.38 |
| | (Won) 5,815,005 | | (Won) 4,782 | | (Won) 5,819,787 | |
| Bonds: | | | | | | |
| Government & Government owned corporate | (Won) 2,038,641 | 19.82 | (Won) | | (Won) 2,038,641 | 19.59 |
| Financial institutions | 7,043,324 | 68.47 | 7,959 | 6.53 | 7,051,283 | 67.74 |
| Corporations | 1,192,334 | 11.59 | 113,960 | 93.47 | 1,306,294 | 12.55 |
| Others | 12,414 | 0.12 | | | 12,414 | 0.12 |
| | (Won) 10,286,713 | | (Won) 121,919 | | (Won) 10,408,632 | |
| <Available-for-sales securities> | | | | | | |
| Others excluding bonds: | | | | | | |
| Manufacturing | (Won) 1,628,608 | 25.46 | (Won) | | (Won) 1,628,608 | 24.74 |
| Construction | 1,542,769 | 24.12 | | | 1,542,769 | 23.44 |
| Retail | 429,486 | 6.71 | | | 429,486 | 6.53 |
| Finance & insurance | 2,298,072 | 35.93 | 182,030 | 98.13 | 2,480,102 | 37.68 |
| Others | 497,392 | 7.78 | 3,465 | 1.87 | 500,857 | 7.61 |
| | (Won) 6,396,327 | | (Won) 185,495 | | (Won) 6,581,822 | |
| Bonds: | | | | | | |
| Government & Government owned corporate | (Won) 7,924,581 | 57.28 | (Won) 48,704 | 3.42 | (Won) 7,973,285 | 52.25 |
| Financial institutions | 5,474,968 | 39.58 | 934,769 | 65.50 | 6,409,737 | 42.00 |
| Corporations | 64,506 | 0.46 | 238,211 | 16.69 | 302,717 | 1.98 |
| Others | 370,125 | 2.68 | 205,358 | 14.39 | 575,483 | 3.77 |
| | (Won) 13,834,180 | | (Won) 1,427,042 | | (Won) 15,261,222 | |
| <Held-to-maturity securities> | | | | | | |
| Government & Government owned corporate | (Won) 5,982,115 | 74.28 | (Won) 98,242 | 67.32 | (Won) 6,080,357 | 74.25 |
| Financial institutions | 1,587,398 | 19.71 | 24,400 | 16.72 | 1,611,798 | 19.65 |
| Corporations | 72,984 | 0.90 | 4,572 | 3.13 | 77,556 | 0.95 |
| Others | 411,391 | 5.11 | 18,719 | 12.83 | 430,110 | 5.25 |
| | (Won) 8,053,888 | | (Won) 145,933 | | (Won) 8,199,821 | |
| <Market index funds> | | | | | | |
| Financial institutions | (Won) 1,397,878 | 100.00 | (Won) | | (Won) 1,397,878 | 100.00 |

- (4) Securities in foreign currencies (by currency) as of December 31, 2008 and 2007 are as follows (Korean won in millions, U.S. dollars in thousands, EUROS in thousands, Japanese yen in millions, Hong Kong dollars in thousands, Singapore dollars in thousands, Chinese yuan in thousands and Indonesia Rupiah in millions):

| <2008> | Currencies | Amounts in currencies | Translation to USD | Korean won equivalent |
|---|------------|--------------------------|-----------------------|--------------------------|
| <Available-for-sales securities> | | | | |
| Equity securities | USD | 78,319 | US\$ 78,319 | (Won) 98,485 |
| | EUR | 34,413 | 48,608 | 61,125 |
| | JPY | 5,698 | 63,159 | 79,423 |
| | HKD | 91,192 | 11,766 | 14,796 |
| | SGD | 29,373 | 20,452 | 25,718 |
| Bonds | USD | 872,699 | 872,699 | 1,097,419 |
| | EUR | 61,605 | 87,017 | 109,424 |
| Beneficiary Certificates | EUR | 166 | 234 | 294 |
| | | | US\$ 1,182,254 | (Won) 1,486,684 |
| <Held-to-maturity securities> | | | | |
| Bonds | USD | 73,448 | US\$ 73,448 | (Won) 92,361 |
| | IDR | 778,397 | 71,062 | 89,360 |
| | SGD | 1,999 | 1,392 | 1,750 |
| | | | US\$ 145,902 | (Won) 183,471 |

| <2007> | Currencies | Amounts in currencies | Translation to USD | Korean won equivalent |
|---|------------|--------------------------|-----------------------|--------------------------|
| <Available-for-sales securities> | | | | |
| Equity securities | USD | 100,006 | US\$ 100,006 | (Won) 93,826 |
| | EUR | 27,342 | 40,254 | 37,766 |
| | JPY | 4,712 | 41,849 | 39,263 |
| | HKD | 93,120 | 11,937 | 11,199 |
| | Bonds | USD | 1,370,853 | 1,370,853 |
| | EUR | 99,290 | 146,180 | 137,146 |
| | CNY | 29,281 | 4,009 | 3,761 |
| Beneficiary Certificates | EUR | 2,492 | 3,669 | 3,441 |
| | | | US\$ 1,718,757 | (Won) 1,612,537 |
| <Held-to-maturity securities> | | | | |
| Bonds | USD | 53,509 | US\$ 53,509 | (Won) 50,202 |
| | IDR | 958,268 | 102,037 | 95,731 |
| | | | US\$ 155,546 | (Won) 145,933 |

10. MATURITY OF DEBT SECURITIES

Maturity of debt securities as of December 31, 2008 and 2007 is as follows (Korean won in billions):

| <2008> | Less than 3 months | Less than 6 months | Less than 1 year | Less than 5 years | Less than 10 years | More than 10 years | Total |
|--------|-----------------------|-----------------------|---------------------|----------------------|-----------------------|-----------------------|-------|
| | | | | | | | |

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| | | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-----------|----------|--------------|
| <Available-for-sales securities> | | | | | | | |
| Book value | (Won) 1,363 | (Won) 1,999 | (Won) 2,520 | (Won) 5,939 | (Won) 899 | (Won) 60 | (Won) 12,780 |
| <Held-to-maturity securities> | | | | | | | |
| Book value | 1,005 | 940 | 1,688 | 5,975 | 332 | 64 | 10,004 |
| Fair value | 1,008 | 945 | 1,712 | 6,116 | 340 | 62 | 10,183 |

| <2007> | Less than 3 months | Less than 6 months | Less than 1 year | Less than 5 years | Less than 10 years | More than 10 years | Total |
|----------------------------------|-----------------------|-----------------------|---------------------|----------------------|-----------------------|-----------------------|--------------|
| <Available-for-sales securities> | | | | | | | |
| Book value | (Won) 1,009 | (Won) 730 | (Won) 1,646 | (Won) 9,706 | (Won) 1,789 | (Won) 381 | (Won) 15,261 |
| <Held-to-maturity securities> | | | | | | | |
| Book value | 692 | 409 | 780 | 5,904 | 354 | 61 | 8,200 |
| Fair value | 692 | 408 | 778 | 5,832 | 337 | 61 | 8,108 |

11. LOSS ON IMPAIRMENT OF SECURITIES AND RECOVERY OF IMPAIRMENT

- (1) Loss on impairment of available-for-sale for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---|---------------|--|
| <Available-for-sales securities> | | |
| Equity securities: | | |
| Korea Aerospace Industries Ltd. | (Won) 15,971 | Realid Technology Co., Ltd. (Won) 700 |
| Hyundai IT Corp. | 4,412 | STARVANKOREA 84 |
| Dau Metal Co., Ltd. | 1,500 | I Venture Investment Co., Ltd. 23 |
| Hydis Technology Co., Ltd. | 2,712 | Daewoo Electronics Corp.. 3,244 |
| VK Corporation | 1,405 | Inkel Corp. 1,092 |
| Daol New Leader Kazakhstan Private Equity Real Estate | 3,180 | Miraecity.com Co., Ltd. 36 |
| Hanhwa Master Piece Real Estate Investment Trust No.9 | 2,452 | Hanbit Electronics Co., Ltd. 500 |
| Woori CS Ocean Bridge Special Asset No.7 | 5,237 | Pantech 3,328 |
| Woori CS Ocean Bridge Special Asset No.9 | 7,994 | Hyundai IT Corp. 4,964 |
| Korea Worldwide Vietnam Commingled Funds No.2 | 1,465 | Chon Nam Corporation Co., Ltd. 300 |
| Golden-bridge Sidus FNH | 1,823 | Others 42 |
| North Star Real Estate Fund | 25,280 | |
| Anchor Stone Fund | 4,189 | |
| Ares Eco Fund | 21,204 | |
| MSREF VI | 6,247 | |
| Others | 4,687 | |
| Debt securities: | | |
| Bonds in foreign currencies related to CDO (*1) | 567,763 | Bonds in foreign currencies related to CDO 419,191 |
| Others | 66,916 | ANCHOR STONE FUND 20,040 |
| | (Won) 744,437 | (Won) 453,544 |

(*1) Woori Bank has invested in Collateralized Debt Obligations (CDO), of which the face value is amounts to USD 1,014 million. Of this amount, USD 449 million is attributed to the U.S. subprime credit markets where these CDO s are collateralized by residential mortgage backed securities. As a result of the instability of the U.S. real estate and global credit markets, Woori Bank recognized (Won)629.5 billion of loss (loss on valuation of trading securities and available-for-sale securities, and loss on disposition available-for-sale securities) for the year ended December 31, 2008, and recorded (Won)2.5 billion as a loss on valuation of available-for-sale securities in accumulated other comprehensive income.

- (2) Recovery of impairment of available-for-sale and held-to-maturity securities for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 |
|--|-------------|--|--------------|
| <Available-for-sales securities> | | | |
| Equity securities: | | | |
| Contributions to Fund for Consolidation of Bad Debts | (Won) 1,320 | Contributions to Fund for Consolidation of Bad Debts | (Won) 55,560 |
| | | Kyungeun Mutual Saving & Finance | 3,103 |
| | | Hyundai Eng. & Const. Co., Ltd. | 18,002 |
| | | Sehwa Precision Co., Ltd. | 30 |
| Debt securities: | | | |
| Haitai International Inc. | 141 | Haitai International Inc. | 28 |
| Others | 328 | Others | 742 |
| | (Won) 1,789 | | (Won) 77,465 |
| <Held-to-maturity securities> | | | |
| Debt securities: | | | |
| | | Hanvit LSP Finance LTD-SUB | (Won) 1,544 |

12. LOANS AND ALLOWANCES FOR POSSIBLE LOAN LOSSES

- (1) Classification of loans subject to allowance for possible loan losses as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| <2008> | Normal | Precautionary | Substandard | Doubtful | Loss | Total |
|--|---------------|----------------------|--------------------|-----------------|-------------|---------------|
| Usance | (Won) 4,371 | (Won) 28 | (Won) 16 | (Won) 3 | (Won) 1 | (Won) 4,419 |
| Credit card accounts | 4,150 | 86 | 1 | 46 | 10 | 4,293 |
| Bills bought in foreign currencies | 5,235 | 50 | 8 | | 1 | 5,294 |
| Bills bought in local currency | 2,285 | 1 | | | | 2,286 |
| Loans in local currency | 149,408 | 3,601 | 1,036 | 455 | 447 | 154,947 |
| Loans in foreign currencies | 16,657 | 242 | 27 | 8 | 16 | 16,950 |
| Factoring receivables | 106 | | | | | 106 |
| Advances for customers on guarantees | 11 | 23 | 15 | 50 | 21 | 120 |
| Privately placed bonds | 4,312 | 65 | 7 | 48 | | 4,432 |
| Loans to be converted to equity securities | | | | | 51 | 51 |
| Finance leases (Note 19) | 357 | 2 | 2 | 5 | 3 | 369 |
| Policy loans | 89 | | | | | 89 |
| Loans for installment | 587 | 5 | | 3 | 1 | 596 |
| Others | 867 | 25 | 30 | 63 | 7 | 992 |
| | (Won) 188,435 | (Won) 4,128 | (Won) 1,142 | (Won) 681 | (Won) 558 | (Won) 194,944 |

| <2007> | Normal | Precautionary | Substandard | Doubtful | Loss | Total |
|--|---------------|---------------|-------------|-----------|-----------|---------------|
| Usance | (Won) 2,719 | (Won) 12 | (Won) 24 | (Won) | (Won) | (Won) 2,755 |
| Credit card accounts | 3,242 | 47 | 1 | 27 | 7 | 3,324 |
| Bills bought in foreign currencies | 4,304 | 5 | 6 | | | 4,315 |
| Bills bought in local currency | 1,166 | | | | | 1,166 |
| Loans in local currency | 134,866 | 1,159 | 523 | 224 | 254 | 137,026 |
| Loans in foreign currencies | 10,403 | 145 | 11 | 1 | 7 | 10,567 |
| Factoring receivables | 86 | | | | | 86 |
| Advances for customers on guarantees | 3 | 1 | 3 | 4 | 7 | 18 |
| Privately placed bonds | 5,357 | 1 | | | | 5,358 |
| Loans to be converted to equity securities | | 1 | | 50 | | 51 |
| Finance leases (Note 19) | 264 | 3 | 1 | 5 | 18 | 291 |
| Loans for installment | 444 | 6 | | 2 | | 452 |
| Others | 1,462 | | | | 9 | 1,471 |
| | (Won) 164,316 | (Won) 1,380 | (Won) 569 | (Won) 313 | (Won) 302 | (Won) 166,880 |

- (2) Reconciliation of the loans subject to allowance for the possible loan losses with loans as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| | 2008 | 2007 |
|---|---------------|---------------|
| Loans, net of allowance | (Won) 197,041 | (Won) 167,635 |
| (+) Allowance for possible loan losses | 3,492 | 2,304 |
| (+) Deferred loan origination fees | 54 | 91 |
| Loans at gross | 200,587 | 170,030 |
| Reconciliation items: | | |
| (-) Inter-bank loans | (1,818) | (1,813) |
| (-) Bonds purchased under resale agreements | (2,345) | (10) |
| (-) Call loans | (1,475) | (1,326) |
| (-) Incidental expenses on finance leases | (5) | (1) |
| | (5,643) | (3,150) |
| The loans subject to allowance for possible loan losses | (Won) 194,944 | (Won) 166,880 |

- (3) Classification of allowances for possible loan losses as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| <2008> | Normal | Precautionary | Substandard | Doubtful | Loss | Total |
|--------------------------------------|----------|---------------|-------------|----------|---------|----------|
| Usance | (Won) 38 | (Won) 3 | (Won) 7 | (Won) 2 | (Won) 1 | (Won) 51 |
| Credit card accounts | 62 | 13 | | 28 | 10 | 113 |
| Bills bought in foreign currencies | 45 | 4 | 2 | | 1 | 52 |
| Bills bought in local currency | 22 | | | | | 22 |
| Loans in local currency | 1,376 | 444 | 250 | 262 | 447 | 2,779 |
| Loans in foreign currencies | 148 | 33 | 4 | 5 | 16 | 206 |
| Factoring receivables | 1 | | | | | 1 |
| Advances for customers on guarantees | | 2 | 3 | 25 | 21 | 51 |

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| | | | | | | |
|--|-------------|-----------|-----------|-----------|-----------|-------------|
| Privately placed bonds | 42 | 12 | 2 | 24 | | 80 |
| Loans to be converted to equity securities | | | | | 51 | 51 |
| Finance leases | 2 | | | 4 | 3 | 9 |
| Loans for installment | 6 | | | 2 | 1 | 9 |
| Policy loans | | | | | | |
| Others | 21 | 3 | 6 | 31 | 7 | 68 |
| | (Won) 1,763 | (Won) 514 | (Won) 274 | (Won) 383 | (Won) 558 | (Won) 3,492 |

| <2007> | Normal | Precautionary | Substandard | Doubtful | Loss | Total |
|--|-------------|---------------|-------------|-----------|-----------|-------------|
| Usance | (Won) 23 | (Won) 2 | (Won) 12 | (Won) 16 | (Won) 7 | (Won) 37 |
| Credit card accounts | 49 | 7 | | 16 | 7 | 79 |
| Bills bought in foreign currencies | 37 | 1 | 1 | | | 39 |
| Bills bought in local currency | 10 | | | | | 10 |
| Loans in local currency | 1,250 | 96 | 141 | 121 | 254 | 1,862 |
| Loans in foreign currencies | 89 | 25 | 2 | 1 | 7 | 124 |
| Factoring receivables | 1 | | | | | 1 |
| Advances for customers on guarantees | | | 1 | 2 | 7 | 10 |
| Privately placed bonds | 46 | | | | | 46 |
| Loans to be converted to equity securities | | | | 49 | | 49 |
| Finance leases | 1 | | | 4 | 18 | 23 |
| Loans for installment | 5 | | | 1 | | 6 |
| Others | 9 | | | | 9 | 18 |
| | (Won) 1,520 | (Won) 131 | (Won) 157 | (Won) 194 | (Won) 302 | (Won) 2,304 |

- (4) The percentages of allowances for possible loan losses to loans as of December 31, 2008, 2007 and 2006 are as follows (Korean won in billions):

| | Loans subject to allowance for possible loan losses | | Allowance | Ratio (%) |
|------|--|---------|-------------|-----------|
| 2008 | (Won) | 194,944 | (Won) 3,492 | 1.79 |
| 2007 | | 166,880 | 2,304 | 1.38 |
| 2006 | | 141,337 | 2,118 | 1.50 |

- (5) The changes in allowances for possible loan losses for the years ended December 31, 2008 and 2007 are as follows (Korean won in billions):

| | 2008 | 2007 |
|--|-------------|-------------|
| January 1 | (Won) 2,304 | (Won) 2,118 |
| Reconciliation items: | | |
| Provision for possible loan losses, net of reversal of allowances for possible loan losses | 1,622 | 643 |
| Reversal due to recovery of write-off loans | 117 | 125 |
| Write-off of loans | (547) | (466) |
| Other | (4) | (116) |
| December 31 | (Won) 3,492 | (Won) 2,304 |

- (6) Classifications of loans in local currency by industry as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| | 2008 | Ratio (%) | 2007 | Ratio (%) |
|------------------------------------|--------------|-----------|--------------|-----------|
| <Loans for corporate> | | | | |
| Manufacturing | (Won) 29,339 | 18.74 | (Won) 22,952 | 16.57 |
| Dealing with real estate & leasing | 17,865 | 11.41 | 17,332 | 12.51 |
| Retail | 10,658 | 6.80 | 9,427 | 6.80 |
| Construction | 13,408 | 8.56 | 10,206 | 7.37 |

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| | | | | |
|---|---------------|-------|---------------|-------|
| Hotel & food | 3,311 | 2.12 | 2,947 | 2.13 |
| Transportation, warehouse & telecommunication | 3,016 | 1.93 | 1,994 | 1.44 |
| Finance & insurance | 2,774 | 1.77 | 3,369 | 2.43 |
| Others | 15,423 | 9.86 | 10,514 | 7.59 |
| | 95,794 | | 78,741 | |
| <Loans for household> | 60,758 | 38.81 | 59,810 | 43.17 |
| | (Won) 156,552 | | (Won) 138,551 | |

(7) Classification of loans in local currency by customer as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| | 2008 | Ratio (%) | 2007 | Ratio (%) |
|------------------------------------|---------------|-----------|---------------|-----------|
| <Loans for corporate> | | | | |
| Loans for working capital | (Won) 72,359 | 46.22 | (Won) 60,771 | 43.86 |
| Loans for equipment capital | 18,234 | 11.65 | 13,660 | 9.86 |
| <Loans for household> | | | | |
| Loans for living capital | 56,900 | 36.35 | 56,252 | 40.60 |
| Loans for housing capital | 3,350 | 2.14 | 3,297 | 2.38 |
| Others | 508 | 0.32 | 262 | 0.19 |
| <Loans for public sector & others> | | | | |
| Loans for working capital | 2,894 | 1.85 | 2,242 | 1.62 |
| Loans for equipment capital | 701 | 0.45 | 542 | 0.39 |
| Interbank loans | 1,606 | 1.02 | 1,525 | 1.10 |
| | (Won) 156,552 | | (Won) 138,551 | |

(8) Classification of loans in foreign currencies (including usance) by country as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| | 2008 | Ratio (%) | 2007 | Ratio (%) |
|---------------|--------------|-----------|--------------|-----------|
| Korea | (Won) 14,182 | 65.72 | (Won) 9,278 | 68.17 |
| United States | 2,362 | 10.94 | 1,554 | 11.42 |
| Japan | 553 | 2.56 | 300 | 2.20 |
| China | 455 | 2.11 | 292 | 2.15 |
| Others | 4,029 | 18.67 | 2,185 | 16.06 |
| | (Won) 21,581 | | (Won) 13,609 | |

(9) Significant disposal of loans for the years ended December 31, 2008 and 2007 are as follows (Korean won in billions):
<2008>

| Seller | Buyers | Nominal amount | Allowance at disposition date | Consideration | Gain (loss) on sale of loans |
|--------------------------|---------------------------------------|----------------|-------------------------------|---------------|------------------------------|
| Woori Bank | Woori F&I Eighth SPC | (Won) 47 | (Won) 14 | (Won) 36 | (Won) 3 |
| | Woori SB Ninth SPC | 61 | 11 | 50 | |
| | Woori SB Eleventh SPC | 82 | 6 | 67 | (9) |
| | Woori F&I Ninth SPC | | | 5 | 5 |
| Woori Bank, Kwangju Bank | Korea Asset Management Corporation | 260 | 12 | 193 | (55) |
| Kyung-nam Bank | Confidence Rehabilitation Fund Corp. | 1 | 1 | 22 | 22 |
| Woori Privit | Changup Mutual Savings Bank Co., Ltd. | 400 | 2 | 397 | (1) |
| | | (Won) 851 | (Won) 46 | (Won) 770 | (Won) (35) |

<2007>

| Seller | Buyers | Nominal amount | Allowance at disposition date | Consideration | Gain (loss) on sale of loans |
|-----------------|------------------------------------|----------------|-------------------------------|---------------|------------------------------|
| Woori Bank | Woori Stream Second SPC | (Won) 103 | (Won) 34 | (Won) 79 | (Won) 10 |
| | Woori SB Eighth SPC | 50 | 11 | 40 | 1 |
| | Korea Asset Management Corporation | 126 | 18 | 97 | (11) |
| | Woori Stream Third SPC | 67 | 9 | 56 | (2) |
| | Woori Stream Fourth SPC | 129 | 23 | 109 | 3 |
| Woori Financial | Hanmi Autoplus First SPC | 130 | 1 | 133 | 4 |
| | | (Won) 605 | (Won) 96 | (Won) 514 | (Won) 5 |

13. RESTRUCTURING OF LOANS

(1) Restructuring of loans for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Classification | Nominal amount | Discharge | Bonds | Restructuring Equity securities | Modification of terms |
|--|------------------|----------------|-------------|-------------|---------------------------------|-----------------------|
| Terrasem Co., Ltd. | Workout | (Won) 1,355 | (Won) | (Won) | (Won) | (Won) 1,355 |
| Netron Tech Co., Ltd. | Workout | 12,755 | | | | 12,755 |
| Neo Steel Co., Ltd. | Restructuring | 24,546 | | | 24,546 | |
| New Star Digital Co., Ltd. | Restructuring | 1,774 | 1,064 | | | 710 |
| Focus Electronics Co., Ltd. | Restructuring | 1,163 | | | | 1,163 |
| KT Construction Co., Ltd. | Restructuring | 3,190 | 1,888 | | 44 | 1,258 |
| Jumbo Ahc Combination Window Co., Ltd. | Restructuring | 1,820 | 72 | | | 1,748 |
| Youngil Non-Ferrous Metals Co., Ltd. | Restructuring | 1,110 | | | 938 | 172 |
| Mirae Co., Ltd. | Restructuring | 2,735 | | | | 2,735 |
| Dong-Shin Co., Ltd. | Restructuring | 4,587 | | | | 4,587 |
| Kolon Tns World Co., Ltd. | Legal Management | 4,962 | | 595 | 4,367 | |
| Hydis Technology Co., Ltd. | Legal Management | 5,024 | | 3,250 | 1,774 | |
| Kangnam Ind. Co., Ltd. | Vergleich | 1,000 | | 1,000 | | |
| | | (Won) 66,021 | (Won) 3,024 | (Won) 4,845 | (Won) 31,669 | (Won) 26,483 |

| <2007> | Classification | Nominal amount | Discharge | Restructuring Equity securities | Modification of terms |
|----------------------------------|----------------|----------------|-----------|---------------------------------|-----------------------|
| Hankook Ilbo | Workout | (Won) 39,754 | (Won) | (Won) 39,754 | (Won) |
| Daewoo Electronics Corp. | Workout | 46,643 | | | 46,643 |
| Hyundai IT Corp. | Restructuring | 20,562 | | 13,258 | 7,304 |
| BOE Hydis Technology Co., Ltd. | Restructuring | 20,466 | | 5,541 | 14,925 |
| VK Corporation | Restructuring | 3,472 | 285 | 2,709 | 478 |
| Pantech | Workout | 13,754 | | 13,754 | |
| Pantech & Curitel | Workout | 17,416 | | 17,416 | |
| Nex Display Technology Co., Ltd. | Workout | 2,702 | | | 2,702 |
| H.G. Tech., Co. | Workout | 1,215 | | | 1,215 |
| Haegang Fenster. Co., Ltd. | Workout | 6,593 | | | 6,593 |

(Won) 172,577 (Won) 285 (Won) 92,432 (Won) 79,860

(2) Loans to be converted to equity securities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | <2008> | Nominal amount | Allowance | Book value | Fair value of equity securities |
|----------------|--------|-------------------|--------------|------------|---------------------------------------|
| Dongkook Corp. | | (Won) 50,822 | (Won) 50,822 | (Won) | (Won) |
| Others | | 52 | 26 | 26 | |
| | | (Won) 50,874 | (Won) 50,848 | (Won) 26 | (Won) |

| | <2007> | Nominal amount | Allowance | Book value | Fair value of equity securities |
|----------------|--------|-------------------|--------------|-------------|---------------------------------------|
| Dongkook Corp. | | (Won) 50,363 | (Won) 48,617 | (Won) 1,746 | (Won) 1,746 |
| Others | | 545 | 28 | 517 | |
| | | (Won) 50,908 | (Won) 48,645 | (Won) 2,263 | (Won) 1,746 |

14. FIXED ASSETS

(1) Fixed assets as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | <2008> | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Book value |
|-----------------------------|--------|---------------------|-----------------------------|--------------------------------|-----------------|
| Land | | (Won) 1,428,853 | (Won) | (Won) 6,978 | (Won) 1,421,875 |
| Buildings | | 1,266,296 | 343,622 | 1,633 | 921,041 |
| Structures in leased office | | 274,867 | 202,188 | | 72,679 |
| Equipment and furniture | | 1,088,801 | 888,442 | | 200,359 |
| Construction in process | | 116,831 | | | 116,831 |
| Leased assets | | 154,253 | 90,501 | | 63,752 |
| | | (Won) 4,329,901 | (Won) 1,524,753 | (Won) 8,611 | (Won) 2,796,537 |

| | <2007> | Acquisition cost | Accumulated depreciation | Accumulated impairment loss | Book value |
|-----------------------------|--------|---------------------|-----------------------------|--------------------------------|-----------------|
| Land | | (Won) 1,393,695 | (Won) | (Won) 3,914 | (Won) 1,389,781 |
| Buildings | | 1,185,875 | 301,822 | 1,470 | 882,583 |
| Structures in leased office | | 248,890 | 177,932 | | 70,958 |
| Equipment and furniture | | 1,071,191 | 875,717 | | 195,474 |
| Construction in process | | 51,673 | | | 51,673 |
| Leased assets | | 104,926 | 56,621 | | 48,305 |
| | | (Won) 4,056,250 | (Won) 1,412,092 | (Won) 5,384 | (Won) 2,638,774 |

(2) Changes in fixed assets for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

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| <2008> | Jan. 1, 2008 | Acquisition | Business Combination | Disposition | Transfer | Depreciation | Impairment | Others | Dec. 31, 2008 |
|--------------------------------|-----------------|---------------|-------------------------|----------------|--------------|-----------------|---------------|---------------|-----------------|
| Land | (Won) 1,389,781 | (Won) 7,848 | (Won) 18,657 | (Won) (1,684) | (Won) 11,266 | (Won) | (Won) (4,474) | (Won) 481 | (Won) 1,421,875 |
| Buildings | 882,583 | 20,055 | 18,689 | (2,604) | 35,849 | (34,475) | (285) | 1,229 | 921,041 |
| Structures in leased office | 70,958 | 46,810 | | (465) | | (32,848) | | (11,776) | 72,679 |
| Equipment and furniture | 195,474 | 101,427 | 2,294 | (5,959) | | (110,508) | | 17,631 | 200,359 |
| Construction in process | 51,673 | 123,995 | | | (47,115) | | | (11,722) | 116,831 |
| Leased assets | 48,305 | 49,327 | | | | (33,880) | | | 63,752 |
| | (Won) 2,638,774 | (Won) 349,462 | (Won) 39,640 | (Won) (10,712) | (Won) | (Won) (211,711) | (Won) (4,759) | (Won) (4,157) | (Won) 2,796,537 |

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| <2007> | Jan. 1, 2007 | Acquisition | Business Combination | Disposition | Transfer | Depreciation | Impairment | Others | Dec. 31, 2007 |
|-----------------------------|-----------------|---------------|-------------------------|----------------|-------------|-----------------|---------------|---------------|-----------------|
| Land | (Won) 1,383,425 | (Won) 1,488 | (Won) 2,259 | (Won) (3,773) | (Won) 8,659 | (Won) | (Won) (2,290) | (Won) 13 | (Won) 1,389,781 |
| Buildings | 878,247 | 25,514 | 2,580 | (3,298) | 13,473 | (33,032) | (983) | 82 | 882,583 |
| Structures in leased office | 63,331 | 38,572 | | (10) | | (30,788) | | (147) | 70,958 |
| Equipment and furniture | 197,512 | 118,262 | 672 | (2,668) | | (118,180) | | (124) | 195,474 |
| Construction in process | 21,379 | 56,006 | | (1,590) | (22,132) | | | (1,990) | 51,673 |
| Leased assets | 17,497 | 49,894 | | | | (19,086) | | | 48,305 |
| | (Won) 2,561,391 | (Won) 289,736 | (Won) 5,511 | (Won) (11,339) | (Won) | (Won) (201,086) | (Won) (3,273) | (Won) (2,166) | (Won) 2,638,774 |

- (3) Impairment loss on fixed assets for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Book value | Net realizable value | Impairment Loss | Reason | Decision of net realizable value |
|-----------|-----------------|----------------------|-----------------|------------------------|----------------------------------|
| Land | (Won) 1,042,516 | (Won) 1,038,042 | (Won) 4,474 | Decrease of fair value | Bidding price |
| Buildings | 595,193 | 594,908 | 285 | Decrease of fair value | Bidding price |
| | (Won) 1,637,709 | (Won) 1,632,950 | (Won) 4,759 | | |

| <2007> | Book value | Net realizable value | Impairment Loss | Reason | Decision of net realizable value |
|-----------|-------------|----------------------|-----------------|------------------------|----------------------------------|
| Land | (Won) 3,119 | (Won) 829 | (Won) 2,290 | Decrease of fair value | Bidding price |
| Buildings | 1,656 | 673 | 983 | Decrease of fair value | Bidding price |
| | (Won) 4,775 | (Won) 1,502 | (Won) 3,273 | | |

15. INTANGIBLE ASSETS

- (1) Intangible assets as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---------------------------|---------------|---------------|
| Goodwill | | |
| The Company | (Won) 175,234 | (Won) 182,524 |
| Woori Bank | 482 | 3,113 |
| Woori PEF | 11,213 | |
| | 186,929 | 185,637 |
| Negative goodwill | (2,245) | (2,355) |
| Deferred development cost | 78,841 | 84,178 |
| Software | 25,668 | 22,989 |
| Other intangible assets | 116,600 | 118,314 |
| | (Won) 405,793 | (Won) 408,763 |

- (2) Changes in goodwill and negative goodwill for the year ended December 31, 2008 are as follows (Korean won in millions):

| | Jan. 1, 2008 | Increase | Amortization | Translation | Dec. 31, 2008 |
|-----------------------------|--------------|----------|--------------|-------------|---------------|
| Woori F&I | (Won) 66 | (Won) | (Won) (5) | (Won) | (Won) 61 |
| Woori Investment Securities | (2,355) | | 110 | | (2,245) |
| Woori America Bank (*1) | 3,113 | | (3,691) | 1,060 | 482 |

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| | | | | | |
|----------------------------|---------------|--------------|----------------|-------------|---------------|
| Woori Financial | 182,458 | | (38,343) | | 144,115 |
| Kumho Investment Bank (*1) | | 13,705 | (2,492) | | 11,213 |
| Woori Aviva | | 36,539 | (5,481) | | 31,058 |
| | (Won) 183,282 | (Won) 50,244 | (Won) (49,902) | (Won) 1,060 | (Won) 184,684 |

(*1) 2nd-tier subsidiary

(3) Changes in intangible assets for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Jan. 1, 2008 | Acquisition | Business combination | Amortization | Impairment | Others | Dec. 31, 2008 |
|---------------------------|---------------|--------------|----------------------|-----------------|-------------|-----------|---------------|
| Goodwill | (Won) 185,637 | (Won) | (Won) 50,244 | (Won) (50,012) | (Won) 1,060 | (Won) | (Won) 186,929 |
| Negative goodwill | (2,355) | | | 110 | | | (2,245) |
| Deferred development cost | 84,178 | 29,963 | 714 | (36,090) | 30 | 46 | 78,841 |
| Software | 22,989 | 13,688 | 773 | (11,826) | | 44 | 25,668 |
| Others | 118,314 | 4,979 | 38,400 | (45,719) | 534 | 92 | 116,600 |
| | (Won) 408,763 | (Won) 48,630 | (Won) 90,131 | (Won) (143,537) | (Won) 1,624 | (Won) 182 | (Won) 405,793 |

| <2007> | Jan. 1, 2007 | Acquisition | Business combination | Disposition | Amortization | Impairment | Others | Dec. 31, 2007 |
|---------------------------|---------------|--------------|----------------------|-------------|--------------------|-------------|-------------|---------------|
| Goodwill | (Won) 7,155 | (Won) | (Won) 192,152 | (Won) | (Won) (*1)(16,096) | (Won) | (Won) 2,426 | (Won) 185,637 |
| Negative goodwill | (2,494) | | | | 139 | | | (2,355) |
| Deferred development cost | 99,585 | 20,640 | 580 | | (36,803) | (580) | 756 | 84,178 |
| Software | 28,471 | 8,126 | | | (12,736) | | (872) | 22,989 |
| Others | 143,753 | 16,203 | | (1) | (41,615) | | (26) | 118,314 |
| | (Won) 276,470 | (Won) 44,969 | (Won) 192,732 | (Won) (1) | (Won) (107,111) | (Won) (580) | (Won) 2,284 | (Won) 408,763 |

(*1) Included amortization of goodwill amounting to (Won)2,362 million, which Woori financial recorded in its financial statements before the acquisition by the Company.

16. OTHER ASSETS

Other assets as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---|------------------|------------------|
| Intangible assets (Note 15) | (Won) 405,793 | (Won) 408,763 |
| Non-operating assets | 15,462 | 6,680 |
| Guarantee deposits | 1,338,895 | 1,245,982 |
| Other accounts receivable | 3,213,351 | 6,349,146 |
| Accrued income | 1,220,760 | 1,017,048 |
| Prepaid expenses | 95,543 | 77,971 |
| Deferred income tax assets (Note 28) | 647,151 | 189,759 |
| CMA assets | 3,217,695 | 3,114,195 |
| Operating lease assets (Note 19) | 107,997 | 179,040 |
| Accounts receivable on disposal of assets | 2,562 | 800 |
| Derivative instruments assets (Note 36) | 12,697,815 | 2,626,113 |
| Domestic exchange settlements debits | 713,720 | 871,915 |
| Sundry assets | 808,967 | 94,804 |
| | 24,485,711 | 16,182,216 |
| Present value discount | (10,987) | (16,894) |
| | (Won) 24,474,724 | (Won) 16,165,322 |

17. INSURANCE

Insurance coverage as of December 31, 2008 and 2007 is as follows (Korean won in millions):

| | 2008 | | 2007 | |
|--------------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | Balance of covered assets | Coverage | Balance of covered assets | Coverage |
| Insurance for losses: | | | | |
| Buildings used for business purposes | (Won) 839,026 | (Won) 845,666 | (Won) 721,485 | (Won) 733,637 |
| Equipment and furniture | 131,193 | 208,300 | 231,869 | 226,600 |
| Guarantee deposits | 5,831 | 6,481 | | |
| Operating lease assets | 97,356 | 98 | 170,734 | 1,043 |
| Finance leases | 356,133 | 13,449 | 236,410 | 15,608 |
| Insurance for fire: | | | | |
| Equipment and furniture | 2,983 | 9,064 | 13,163 | 18,791 |
| Buildings used for business purposes | 94,400 | 95,373 | 162,343 | 166,703 |
| Tangible asset overseas | 1,201 | 4,512 | 1,258 | 5,802 |
| Structures in leased assets | 8,603 | 18,180 | 14,061 | 19,324 |
| Insurance for liability of: | | | | |
| Reparation of directors | | 231,507 | | 67,517 |
| Reparation of professionals | | 1,000 | | 2,000 |
| Umbrella policy | | 12,917 | | 2,110 |
| Insurance for security of Employees | | 12,374 | | 19,391 |
| | (Won) 1,536,726 | (Won) 1,458,921 | (Won) 1,551,323 | (Won) 1,278,526 |

18. COLLATERALIZED ASSETS

Collateralized assets as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| Collateralized | | 2008 | 2007 | Purpose |
|--|--|------------------|------------------|--|
| | assets | | | |
| Bank of Korea | Securities | (Won) 6,340,800 | (Won) 2,631,569 | Borrowings, settlement risk and other |
| Lehman Brothers and others | Due from banks in foreign currencies, Securities | 2,704,794 | 426,547 | Trading credit derivatives |
| Samsung Securities Co., Ltd. and others | Securities | 18,360 | 26,804 | Futures maintenance margin |
| Samsung futures and others | Securities | 348,143 | 204,307 | Futures maintenance margin |
| Nova Scotia Bank and others | Securities | 288,500 | 87,141 | Borrowings in foreign currency |
| Sumitomo Mitsui Banking Co. | Securities | | 109,750 | Borrowings in foreign currency |
| Hana Bank and others | MMDA, Securities | 675,765 | 135,315 | Borrowings |
| Mizuho Corporate Bank | Securities | 48,500 | 19,790 | Borrowings in foreign currency |
| Korea Securities Depository & Trust accounts | Securities | 8,771,583 | 8,240,993 | Collateral for customer's RP |
| Citibank and others | Land and buildings | 185,217 | 144,051 | Leasehold deposits |
| Korea Securities Financed Corporation and others | Securities | | 1,000 | Collateral for issuing securities and others |
| Korea Exchange | Securities | 125 | 16,000 | Futures option maintenance margin |
| ING Bank and others | Securities in foreign currencies | 2,730,301 | | Borrowings in foreign currency |
| Federal Reserve Bank | Securities | 6,477 | 3,000 | Guarantee for FRB discount window |
| Doosan Capital and others | Due from banks, Securities | 746 | 3,460 | Borrowings |
| | | (Won) 22,119,311 | (Won) 12,049,727 | |

19. LEASES

(1) Operating lease assets

Future minimum lease payments to be received under operating lease contracts as of December 31, 2008 are as follows (Korean won in millions):

| | Local currency | Foreign currencies | Total |
|---------------------------------|----------------|--------------------|--------------|
| Jan.1.1, 2009 ~ Dec.12.31, 2009 | (Won) 43,658 | (Won) 2,366 | (Won) 46,024 |
| Jan.1.1, 2010 ~ Dec.12.31, 2010 | 16,374 | 2,305 | 18,679 |
| Jan.1.1, 2011 ~ Dec.12.31, 2011 | 1,562 | 4,744 | 6,306 |
| | (Won) 61,594 | (Won) 9,415 | (Won) 71,009 |

(2) Lease payment receivables under finance lease

The present value of the gross investment and minimum lease payments to be received as of December 31, 2008 are as follows (Korean won in millions):

| | Local currency | Foreign currencies | Total |
|--|----------------|--------------------|----------------------|
| Jan.1.1, 2009 ~ Dec.12.31, 2009 | (Won) 172,402 | (Won) 532 | (Won) 172,934 |
| Jan.1.1, 2010 ~ Dec.12.31, 2010 | 125,962 | 1,284 | 127,246 |
| Jan.1.1, 2011 ~ Dec.12.31, 2011 | 93,175 | 2,695 | 95,870 |
| Jan.1.1, 2012 ~ Dec.12.31, 2012 | 10,726 | | 10,726 |
| Jan.1.1, 2013 ~ Dec.12.31, 2013 | 2,619 | | 2,619 |
| Jan.1.1, 2014 ~ | | 3,053 | 3,053 |
| Gross investment under finance lease | 404,884 | 7,564 | 412,448 |
| Unearned interest income | 38,912 | | 38,912 |
| Net investment under finance lease | 365,972 | 7,564 | 373,536 |
| Cancelled finance lease payment receivables | | | 1,204 |
| Lease payment receivables under finance lease | | | (Won) 374,740 |

(3) Operating lease expenses

Future minimum lease payments to be paid under operating lease contracts as of December 31, 2008 are as follows (Korean won in millions):

| | Local currency | Foreign currencies | Total |
|---------------------------------|----------------|--------------------|-------------|
| Jan.1.1, 2009 ~ Dec.12.31, 2009 | (Won) 1,712 | (Won) | (Won) 1,712 |

(4) Finance lease liabilities

The gross amount and the present value of the minimum lease payments as of December 31, 2008 are as follows (Korean won in millions):

| | Local currency | Foreign currencies | Total |
|---------------------------------|----------------|--------------------|--------------|
| Jan.1.1, 2009 ~ Dec.12.31, 2009 | (Won) 38,873 | (Won) | (Won) 38,873 |
| Jan.1.1, 2010 ~ Dec.12.31, 2010 | 26,581 | | 26,581 |
| Jan.1.1, 2011 ~ Dec.12.31, 2011 | 15,252 | | 15,252 |
| Jan.1.1, 2012 ~ Dec.12.31, 2012 | 4,340 | | 4,340 |
| | 85,046 | | 85,046 |
| Prepaid interest expenses | (5,908) | | (5,908) |
| | (Won) 79,138 | (Won) | (Won) 79,138 |

20. DEPOSITS

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(1) Deposits as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---------------------------|-------------------|-------------------|
| Deposits on demand | (Won) 14,705,172 | (Won) 11,769,661 |
| Deposits at termination | 148,314,333 | 126,364,219 |
| Deposits on notes payable | 4,745,469 | 5,095,831 |
| Deposits on CMA | 2,459,917 | 3,353,601 |
| | (Won) 170,224,891 | (Won) 146,583,312 |

(2) Deposits on demand as of December 31, 2008 and December 31, 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|--|------------------|------------------|
| Deposits on demand in local currency: | | |
| Current deposits | (Won) 2,223,457 | (Won) 609,356 |
| Current deposits for household | 31,343 | 37,289 |
| Demand deposits | 3,294,027 | 3,508,207 |
| Special deposits | 3,005,838 | 3,242,198 |
| Official deposits | 750,568 | 755,670 |
| Deposits for security customer | 1,225,285 | 1,117,803 |
| Others | 124 | 21,926 |
| | 10,530,642 | 9,292,449 |
| Deposits on demand in foreign currencies: | | |
| Current deposits | 1,283,550 | 811,232 |
| Demand deposits | 2,643,644 | 1,547,026 |
| Deposits at notice | 3,126 | 4,652 |
| Special deposits | 123,126 | 35,009 |
| Others | 121,084 | 79,293 |
| | 4,174,530 | 2,477,212 |
| | (Won) 14,705,172 | (Won) 11,769,661 |

(3) Deposits at termination as of December 31, 2008 and December 31, 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---|------------------|------------------|
| Savings deposits in local currency: | | |
| Savings deposits | (Won) 16,565,629 | (Won) 15,485,256 |
| Money market deposit account | 25,438,378 | 19,069,529 |
| Time deposits | 75,136,332 | 60,330,749 |
| Installment deposits | 3,497,917 | 3,256,258 |
| Long-term savings for housing | 1,595,659 | 1,501,539 |
| Others | 133,143 | 66,979 |
| | 122,367,058 | 99,710,310 |
| Mutual installments | | |
| Installment deposits for the loans granted | 101,818 | 166,473 |
| Mutual installment for housing | 199,053 | 246,203 |
| | 300,871 | 412,676 |
| Money in trust | 1,898,673 | 1,807,754 |
| Negotiable certificates of deposits | 18,474,137 | 21,552,651 |
| Saving deposits in foreign currencies: | | |
| Time deposits | 5,273,528 | 2,880,378 |
| Installment deposits | 66 | 450 |

5,273,594

2,880,828

(Won) 148,314,333

(Won) 126,364,219

(4) Deposits from other financial institutions as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Banks | Credit specialized | | Total |
|--------------------------------|------------------|------------------------|--------------------|------------------|
| | | financial institutions | Other institutions | |
| Deposits in local currency | (Won) 12,006,705 | (Won) 19,316,157 | (Won) 1,172,207 | (Won) 32,495,069 |
| Deposits in foreign currencies | 3,008,462 | 116,948 | | 3,125,410 |
| | (Won) 15,015,167 | (Won) 19,433,105 | (Won) 1,172,207 | (Won) 35,620,479 |

| <2007> | Banks | Credit specialized | | Total |
|--------------------------------|-----------------|------------------------|--------------------|------------------|
| | | financial institutions | Other institutions | |
| Deposits in local currency | (Won) 6,129,548 | (Won) 1,854,112 | (Won) 10,263,971 | (Won) 18,247,631 |
| Deposits in foreign currencies | 29,090 | | | 29,090 |
| | (Won) 6,158,638 | (Won) 1,854,112 | (Won) 10,263,971 | (Won) 18,276,721 |

(5) Maturities of deposits as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| <2008> | Less than | Less than | Less than | Less than | More than | Total |
|--|--------------|--------------|--------------|-------------|--------------|---------------|
| | 3 months | 6 months | 1 year | 3 years | 3 years | |
| Deposits in local currency (*1) | (Won) 27,541 | (Won) 14,046 | (Won) 46,000 | (Won) 5,294 | (Won) 50,195 | (Won) 143,076 |
| Deposits in foreign currencies (*2) | 4,222 | 480 | 1,419 | 446 | 2,897 | 9,464 |
| Negotiable certificates of deposits (*3) | 2,710 | 3,177 | 10,834 | 1,799 | 13 | 18,533 |
| | (Won) 34,473 | (Won) 17,703 | (Won) 58,253 | (Won) 7,539 | (Won) 53,105 | (Won) 171,073 |

(*1) Before eliminating (Won)773 billion of inter-company transactions

(*2) Before eliminating (Won)15 billion of inter-company transactions

(*3) Before eliminating (Won)59 billion of inter-company transactions

| <2007> | Less than | Less than | Less than | Less than | More than | Total |
|--|--------------|--------------|--------------|-------------|--------------|---------------|
| | 3 months | 6 months | 1 year | 3 years | 3 years | |
| Deposits in local currency (*1) | (Won) 32,561 | (Won) 13,493 | (Won) 29,388 | (Won) 3,890 | (Won) 40,724 | (Won) 120,056 |
| Deposits in foreign currencies (*2) | 2,252 | 428 | 609 | 40 | 2,053 | 5,382 |
| Negotiable certificates of deposits (*3) | 6,739 | 6,854 | 7,629 | 561 | 3 | 21,786 |
| | (Won) 41,552 | (Won) 20,775 | (Won) 37,626 | (Won) 4,491 | (Won) 42,780 | (Won) 147,224 |

(*1) Before eliminating (Won)383 billion of inter-company transactions

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- (*2) Before eliminating (Won)24 billion of inter-company transactions
- (*3) Before eliminating (Won)233 billion of inter-company transactions

21. BORROWINGS

(1) Borrowings as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|--|------------------|------------------|
| Call money | (Won) 3,473,849 | (Won) 4,002,415 |
| Bills sold | 147,894 | 158,969 |
| Bonds sold under repurchase agreements | 7,566,947 | 6,386,475 |
| Borrowings in local currency | 8,387,267 | 7,418,468 |
| Borrowings in foreign currencies | 12,384,351 | 9,201,296 |
| Debentures in local currency | 33,376,697 | 30,238,018 |
| Debentures in foreign currencies | 6,491,509 | 5,193,860 |
| Securities sold | 46,948 | 256,236 |
| Market index funds sold | 2,842,296 | 3,184,579 |
| | (Won) 74,717,758 | (Won) 66,040,316 |

(2) Borrowings in local currency as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | Lender | 2008 | | 2007 | |
|----------------------------------|--|-------------------|-----------------|-------------------|---------------|
| | | Interest rate (%) | Amounts | Interest rate (%) | Amounts |
| Borrowings from the B.O.K | Bank of Korea | 1.8 | (Won) 1,182,798 | 2.8~3.3 | (Won) 932,369 |
| Borrowings from government funds | Small Business Corporation | 2.0~5.8 | 617,740 | 2.0~5.2 | 511,930 |
| | Ministry of Labor | 0.0~5.0 | 365,922 | 0.0~5.0 | 341,961 |
| | Ministry of Information and Communication | 3.1~3.6 | 114,883 | 2.0~7.0 | 155,269 |
| | Institute for Information Technology Advancement | 3.8~4.6 | 21,267 | 3.4~3.9 | 33,872 |
| | Ministry of Commerce, Industry and Energy | 0.8~3.1 | 381,027 | 2.0~3.6 | 336,053 |
| | Korea Environment & Resources Corporation | | | 5.0 | 6,904 |
| | Environmental Management Corporation. and others | 0.0~5.0 | 493,607 | 2.0~5.0 | 502,540 |
| | | | 1,994,446 | | 1,888,529 |
| Others | Seoul City | 0.0~4.0 | 1,443,700 | 0.0~4.0 | 1,386,466 |
| | Busan City | 0.0~5.0 | 1,394,303 | 0.0~5.1 | 1,193,712 |
| | Kwangju City and others | 0.0~6.0 | 323,946 | 0.0~6.0 | 358,507 |
| | Ulsan City | 1.7~3.7 | 20,597 | 1.7~3.0 | 27,393 |
| | Others | 0.0~9.2 | 2,027,477 | 0.0~9.2 | 1,631,492 |

5,210,023

4,597,570

(Won) 8,387,267

(Won) 7,418,468

(3) Borrowings in foreign currencies as of December 31, 2008 and 2007 are as follows:

| <2008> | | Lender | Interest rate (%) | U.S. dollars (In thousands) | Korean won equivalent (In millions) |
|----------------------------------|-------------------------------|--------|-------------------------|--------------------------------|---|
| Borrowings in foreign currencies | Overdraft | | 4.3~7.6 | US\$ 538,074 | (Won) 676,628 |
| | Foreign financial institution | | 1.1~6.9 | 4,709,993 | 5,922,816 |
| | Local banks | | 3.3~3.8 | 370,900 | 466,407 |
| | Others | | 0.0~5.7 | 4,224,423 | 5,312,212 |
| | | | | 9,843,390 | 12,378,063 |

| | | | | |
|--|---------------------------------|-----|----------------|------------------|
| Off-shore borrowings in foreign currencies | Korea Development Bank(Beijing) | 4.2 | 5,000 | 6,288 |
| | | | US\$ 9,848,390 | (Won) 12,384,351 |

| <2007> | | Lender | Interest rate (%) | U.S. dollars (In thousands) | Korean won equivalent (In millions) |
|----------------------------------|-------------------------------|--------|----------------------|--------------------------------|---|
| Borrowings in foreign currencies | Overdraft | | 0.0~5.6 | US\$ 735,451 | (Won) 689,999 |
| | Foreign financial institution | | 0.9~7.7 | 4,966,882 | 4,659,929 |
| | Local banks | | 4.7~5.7 | 141,366 | 132,630 |
| | Others | | 0.8~7.7 | 3,946,894 | 3,702,976 |
| | | | | 9,790,593 | 9,185,534 |

| | | | | | |
|--|-------------------------|-----|----------------|-----------------|--------|
| Off-shore borrowings in foreign currencies | Sumitomo Mitsui Bank | 5.6 | 5,000 | 4,691 | |
| | Bumiputra-Commerce Bank | 5.4 | 5,000 | 4,691 | |
| | Commonwealth Bank | 5.5 | 6,800 | 6,380 | |
| | | | | 16,800 | 15,762 |
| | | | US\$ 9,807,393 | (Won) 9,201,296 | |

(4) Debentures as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|----------------------------------|------------------|------------------|
| Debentures in local currency | (Won) 33,445,368 | (Won) 30,285,423 |
| Less: discounts | (68,671) | (47,405) |
| | 33,376,697 | 30,238,018 |
| Debentures in foreign currencies | 6,506,268 | 5,207,244 |
| Add: premiums | 360 | 165 |
| Less: discounts | (15,119) | (13,549) |

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6,491,509 5,193,860

(Won) 39,868,206 (Won) 35,431,878

(5) Debentures in local currency as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 | |
|--------------------------------|------------------|-------------------|------------------|-------------------|
| | Face value | Interest rate (%) | Face value | Interest rate (%) |
| Ordinary bonds | (Won) 28,329,453 | 4.2~10.1 | (Won) 26,956,796 | 3.8~7.9 |
| Subordinated bonds | 5,072,909 | 5.0~10.3 | 3,499,643 | 5.0~10.3 |
| Convertible bonds | 793 | 0.0 | 49 | 0.0 |
| | 33,403,155 | | 30,456,488 | |
| Loss on hedging for fair value | 42,213 | | (171,065) | |
| | (Won) 33,445,368 | | (Won) 30,285,423 | |

- (6) Debentures in foreign currencies as of December 31, 2008 and 2007 are as follows (Korean won in millions, U.S. dollars in thousands, Japanese Yen in millions, Hong Kong dollars in thousands, Euro in thousands, Singapore dollars in thousands, Malaysia Ringits in thousands, New Zealand dollars in thousands):

| <2008> | Currencies | Face value in foreign currencies | Korean won equivalent | Interest rate (%) |
|--------------------------------|------------|-------------------------------------|--------------------------|-------------------|
| Ordinary bonds | USD | 2,850,000 | (Won) 3,583,875 | 1.9~14.0 |
| | JPY | 10,000 | 139,388 | 2.0 |
| | HKD | 310,000 | 50,298 | 3.5~4.7 |
| | EUR | 300,000 | 532,866 | 4.0 |
| | SGD | 50,000 | 43,777 | 3.0 |
| | MYR | 530,000 | 191,600 | 4.6~5.0 |
| | NZD | 13,000 | 9,454 | 9.0 |
| Subordinated bonds | USD | 1,400,000 | 1,760,500 | 5.8~6.1 |
| | | | 6,311,758 | |
| Gain on hedging for fair value | | | 194,510 | |
| | | | (Won) 6,506,268 | |

| <2007> | Currencies | Face value in foreign currencies | Korean won equivalent | Interest rate (%) |
|--------------------------------|------------|-------------------------------------|--------------------------|-------------------|
| Ordinary bonds | USD | 2,995,000 | (Won) 2,809,909 | 4.2~6.2 |
| | JPY | 25,500 | 212,499 | 1.1~1.6 |
| | HKD | 878,000 | 105,588 | 3.9~5.8 |
| | EUR | 300,000 | 414,378 | 5.2 |
| | SGD | 145,000 | 94,096 | 2.8~3.5 |
| Subordinated bonds | USD | 1,600,000 | 1,501,120 | 4.9~6.1 |
| | | | 5,137,590 | |
| Gain on hedging for fair value | | | 69,654 | |
| | | | (Won) 5,207,244 | |

- (7) Borrowings from other financial institutions as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Bank of Korea | General bank | Other financial institutions | Total |
|--|------------------|------------------|---------------------------------|------------------|
| Call money | (Won) 1,751,772 | (Won) 1,383,178 | (Won) 338,899 | (Won) 3,473,849 |
| Bonds sold under repurchase agreements | 540,000 | 388,455 | 5,979,968 | 6,908,423 |
| Borrowings in local currency | 1,182,798 | 1,128,996 | 732,895 | 3,044,689 |
| Borrowings in foreign currencies | 339,525 | 11,299,130 | 745,696 | 12,384,351 |
| | (Won) 3,814,095 | (Won) 14,199,759 | (Won) 7,797,458 | (Won) 25,811,312 |

<2007>

General bank

Total

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| | Bank of Korea | | Other financial institutions | |
|--|--------------------------|-----------------|---|------------------|
| Call money | (Won) | (Won) 1,118,175 | (Won) 2,884,240 | (Won) 4,002,415 |
| Bonds sold under repurchase agreements | | 10,950 | 4,500,270 | 4,511,220 |
| Borrowings in local currency | 932,369 | 222,077 | 390,000 | 1,544,446 |
| Borrowings in foreign currencies | | 4,950,789 | 4,194,509 | 9,145,298 |
| | (Won) 932,369 | (Won) 6,301,991 | (Won) 11,969,019 | (Won) 19,203,379 |

(8) Maturities of borrowings as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| <2008> | Less than 3 months | Less than 6 months | Less than 1 year | Less than 3 years | More than 3 years | Total |
|---|-------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|--------------|
| Call money | (Won) 3,474 | (Won) | (Won) | (Won) | (Won) | (Won) 3,474 |
| Bills sold | 106 | 37 | 4 | | | 147 |
| Bonds sold under repurchase agreements (*1) | 3,403 | 3,451 | 707 | 6 | | 7,567 |
| Borrowings in local currency (*2) | 2,698 | 196 | 696 | 609 | 4,471 | 8,670 |
| Borrowings in foreign currencies | 7,710 | 2,222 | 1,203 | 1,183 | 67 | 12,385 |
| Debentures in local currency | 449 | 813 | 3,015 | 18,459 | 10,710 | 33,446 |
| Debentures in foreign currencies | | | 66 | 394 | 6,046 | 6,506 |
| | (Won) 17,840 | (Won) 6,719 | (Won) 5,691 | (Won) 20,651 | (Won) 21,294 | (Won) 72,195 |

(*1) Before eliminating (Won)0.3 billion of inter-company transactions

(*2) Before eliminating (Won)282 billion of inter-company transactions

| <2007> | Less than 3 months | Less than 6 months | Less than 1 year | Less than 3 years | More than 3 years | Total |
|---|-------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------|--------------|
| Call money | (Won) 4,002 | (Won) | (Won) | (Won) | (Won) | (Won) 4,002 |
| Bills sold | 158 | 1 | | | | 159 |
| Bonds sold under repurchase agreements (*1) | 3,057 | 3,015 | 307 | 37 | | 6,416 |
| Borrowings in local currency (*2) | 1,449 | 280 | 574 | 2,094 | 3,069 | 7,466 |
| Borrowings in foreign currencies | 4,539 | 2,483 | 1,477 | 572 | 130 | 9,201 |
| Debentures in local currency | 589 | 3,857 | 5,104 | 15,464 | 5,271 | 30,285 |
| Debentures in foreign currencies | 243 | 42 | 557 | 1,356 | 3,009 | 5,207 |
| | (Won) 14,037 | (Won) 9,678 | (Won) 8,019 | (Won) 19,523 | (Won) 11,479 | (Won) 62,736 |

(*1) Before eliminating (Won)29 billion of inter-company transactions

(*2) Before eliminating (Won)47 billion of inter-company transactions

22. OTHER LIABILITIES

Other liabilities as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---|------------------|------------------|
| Accrued severance benefits (Note 23) | (Won) 414,127 | (Won) 391,815 |
| Less: deposits in employee retirement trust | (208,317) | (161,174) |
| Less: post-retirement pension plan asset | (121) | (258) |
| Less: transfers to the National Pension Fund | (176) | (153) |
| Other accounts payable | 3,218,922 | 6,445,584 |
| Accrued expenses | 3,368,044 | 2,944,648 |
| Income tax payable | 223,410 | 413,893 |
| Unearned revenue | 226,585 | 170,687 |
| Deposits for letter of guarantees and other | 285,762 | 244,210 |
| Foreign exchange remittances pending | 265,252 | 229,610 |
| Domestic exchange remittances pending | 2,302,567 | 1,815,698 |
| Deferred income tax liabilities (Note 28) | 58,475 | 73,258 |
| Borrowings from trust accounts | 4,138,088 | 4,155,148 |
| Allowances for acceptances and guarantees (Note 35) | 137,730 | 110,097 |
| Allowances for unused credit line (Note 35) | 401,329 | 362,973 |
| Other allowances (Note 35) | 191,315 | 127,365 |
| Derivative liabilities (Note 36) | 13,801,576 | 3,078,048 |
| Accounts for agency businesses | 239,667 | 241,781 |
| Liabilities incurred by agency relationship | 1,007,279 | 929,411 |
| Policy reserve (Note 24) | 1,007,079 | |
| Sundry liabilities | 664,450 | 438,741 |
| | (Won) 31,743,043 | (Won) 22,011,382 |

23. ACCRUED SEVERANCE BENEFITS

- (1) The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate as of December 31, 2008 and 2007 amount to (Won)414,127 million and (Won)391,815 million, respectively. The details of changes in the accrued severance benefits for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions).

| | 2008 | 2007 |
|---|---------------|---------------|
| January 1 | (Won) 391,815 | (Won) 363,729 |
| Provision for severance benefits | 131,788 | 158,210 |
| Increase due to acquisition of a subsidiary | 2,178 | 793 |
| Payments of accrued severance benefits | (111,654) | (130,917) |
| December 31 | (Won) 414,127 | (Won) 391,815 |

- (2) The Company and its subsidiaries have made deposits for employee retirement insurance. As of December 31, 2008 and 2007, the deposits amounting to (Won)208,317 million and (Won)161,174 million, respectively, and the transfer from National Pension amounting to (Won)176 million and (Won)153 million, respectively, and the post-retirement pension plan asset amounting to (Won)121 million and (Won)258 million, respectively, are presented as a deduction from accrued severance benefits.

24. POLICY RESERVES

Policy reserves as of December 31, 2008 are as follows (Korean won in millions).

| | Personal | Group | Total |
|--|---------------|--------------|-----------------|
| Premium reserves | (Won) 952,174 | (Won) 24,472 | (Won) 976,646 |
| Reserves for unearned premium | 334 | 964 | 1,298 |
| Reserve for outstanding claims | 25,596 | 1,869 | 27,465 |
| Reserve for participating policyholders' dividends | 2,223 | 2 | 2,225 |
| Dividend reserve for policyholders' income participation | 24 | | 24 |
| Reserve for reinsurance premium | (579) | | (579) |
| | (Won) 979,772 | (Won) 27,307 | (Won) 1,007,079 |

25. SHAREHOLDERS' EQUITY

(1) The authorized shares and issued shares of common stock as of December 31, 2008 and 2007 are as follows:

| | 2008 | 2007 |
|-----------------------------------|---------------|---------------|
| Authorized shares of common stock | 2,400,000,000 | 2,400,000,000 |
| Par value | (Won) 5,000 | (Won) 5,000 |
| Issued shares of common stock | 806,015,340 | 806,015,340 |

(2) As of December 31, 2008 and 2007, the Company held 2,560 shares of treasury stock amounting to (Won)18 million, respectively.

(3) The changes in the capital stock of the Company during the period from incorporation to December 31, 2008 are as follows (Korean won in millions):

| Date | Description | Number of shares issued | Capital stock |
|----------------|-------------------------------|----------------------------|-----------------|
| March 27, 2001 | Establishment | 727,458,609 | (Won) 3,637,293 |
| June 12, 2002 | Issuance 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 | Issuance of new shares | 8,571,262 | 42,856 |
| | Exercise of convertible bonds | 12,379,386 | 61,897 |
| Dec. 31, 2004 | | 796,455,558 | 3,982,278 |
| In 2005 | Exercise of convertible bonds | 9,559,782 | 47,799 |

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| | | |
|-------------------|-------------|-----------------|
| December 31, 2006 | 806,015,340 | 4,030,077 |
| December 31, 2008 | 806,015,340 | (Won) 4,030,077 |

- (4) Dividends to net income ratio for the year ended December 31, 2007 is as follows:

| | 2007 | |
|-------------------------------|-------|-------------------|
| The number of issued shares | | 806,015,340 |
| The number of treasury stocks | | 2,560 |
| Shares subject to dividend | | 806,012,780 |
| Dividend per share | (Won) | 250 |
| Par value | (Won) | 5,000 |
| Dividend ratio per share | | 5.0% |
| Gross dividend | (Won) | 201,503 million |
| Net income | (Won) | 1,939,238 million |
| Dividend ratio by net income | | 10.39% |

26. STOCK-BASED COMPENSATION

- (1) On December 4, 2002, the Company granted stock options to 62 directors of the Company and its subsidiaries. In 2006, the exercise price of 60 percent of the total number of stock options granted was determined at (Won)11,921 based on the increase in the Korean banking industry stock index (Type A), and for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (Won)6,800 per share and the number of stock options to be dependent by the Company's management performance target levels; non-performing loans ratio, capital adequacy ratio and net income to total asset ratio by 15%, 15%, and 10%, respectively (Type B) was finally decided. In addition, November 23, 2005, the Company made a resolution that the stock-based compensation will be settled by paying cash instead of issuing equity instrument. Exercisable stock options for the year ended December 31, 2008 were expired since the exercise period had ended. The Company recorded nil of the stock-based payment as liabilities as of December 31, 2008.
- (2) The summary of stock-based compensation granted as of December 31, 2008 is as follows:

| Settlement | Type A | | Type B | |
|----------------------------------|---|--|-----------------|--|
| | Cash settlement | | Cash settlement | |
| Exercise price | (Won)11,921 | | (Won)6,800 | |
| Exercise period | During the three-year period beginning after December 4, 2005 | | | |
| Initial granted number of rights | 936,000 shares | | 624,000 shares | |
| Cancelled number of rights | 216,000 shares | | 204,000 shares | |
| Exercised number of rights | 651,000 shares | | 406,000 shares | |
| Exercisable number of rights(*1) | 69,000 shares | | 14,000 shares | |

(*1) On December 4, 2008, exercisable stock options were expired since the exercisable period had ended.

27. NON-OPERATING INCOME AND EXPENSE

- (1) Non-operating income for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | | 2007 | |
|--|-------|--------|-------|--------|
| Gain on valuation using the equity method of accounting (Note 8) | (Won) | 76,727 | (Won) | 43,500 |
| Gain on disposal of fixed assets | | 8,842 | | 1,356 |
| Rental income | | 11,705 | | 10,331 |

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| | | |
|----------------------------------|---------------|---------------|
| Gain on disposal of other assets | 558 | 205 |
| Others | 105,235 | 81,545 |
| | (Won) 203,067 | (Won) 136,937 |

- (2) Non-operating expenses for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|--|---------------|---------------|
| Loss on valuation using the equity method of accounting (Note 8) | (Won) 20,842 | (Won) 20,887 |
| Loss on disposal of fixed assets | 994 | 1,694 |
| Loss on impairment of fixed assets (Note 14) | 4,759 | 3,273 |
| Loss on impairment of other assets | | 1,805 |
| Loss on impairment of intangible assets (Note 15) | | 580 |
| Donations | 48,232 | 28,555 |
| Others | 53,499 | 72,588 |
| | (Won) 128,326 | (Won) 129,382 |

28. INCOME TAX EXPENSE

- (1) Income tax expense for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|--|---------------|---------------|
| Tax payables | (Won) 600,590 | (Won) 816,342 |
| Changes in deferred income tax assets (liabilities) by temporary differences | (535,647) | (246,648) |
| Changes in deferred income tax assets by fair valuation | 5,384 | (10,357) |
| Changes in deferred income tax assets by tax loss carry-forwards | 57,694 | 75,700 |
| Tax effect on contribution carryover deduction | 393 | 977 |
| Income tax expenses to be charged to equity | 474,366 | 164,165 |
| Income tax expense | (Won) 602,780 | (Won) 800,179 |

- (2) Tax reconciliation items between financial accounting income and taxable income for the years ended December 31, 2008 consisted of the following (Unit: Korean won in millions):

| | 2008 |
|--|-----------------|
| Income before income tax | (Won) 1,190,247 |
| Tax calculated at statutory tax rate (27.5%) | 327,287 |
| Adjustment | |
| Income not taxable for tax purposes | (429,752) |
| Expense not deductible for tax purposes | 437,830 |
| Deferred income tax effect by realizable possibility | 4,879 |
| Tax credits | (17) |
| Effect of statutory income tax rate change | 193,287 |
| Others | 69,266 |
| Income tax expense | 602,780 |
| Effective tax rate | 50.64% |

- (3) Increase or decrease in cumulative temporary differences and tax loss carry-forwards for the year ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Jan. 1, 2008(*1) | Increase | Decrease | Dec. 31, 2008 |
|---|-----------------------------|-------------------|-------------------|--------------------------|
| (Temporary differences to be charged to income tax expense) | | | | |
| Securities | (Won) (241,610) | (Won) (1,528,503) | (Won) (168,425) | (Won) (1,601,688) |
| Gain (loss) on valuation using the equity method of accounting | (6,041,754) | (591,800) | (357,203) | (6,276,351) |
| Depreciation | 49,604 | 6,965 | 2,494 | 54,075 |
| Other allowances | 476,227 | 536,252 | 421,882 | 590,597 |
| Restructuring of loans | 17,481 | 1,069 | 6,970 | 11,580 |
| Allowances for acceptances and guarantees | 109,802 | 135,895 | 108,228 | 137,469 |
| Gain (loss) on valuation of derivatives | 188,836 | 1,207,645 | 192,006 | 1,204,475 |
| Loss on fair valuation | (103,753) | 233,113 | (103,753) | 233,113 |
| Other allowances for doubtful accounts | 21,755 | 302 | | 22,057 |
| Accrued salaries expenses | 68,390 | 14,499 | 10,512 | 72,377 |
| Allowances for possible loan losses | 698,614 | 9,582 | 32,488 | 675,708 |
| Loss on valuation of securities | 1,271,378 | 1,975,162 | 1,271,379 | 1,975,161 |
| Accrued severance benefits | 111,779 | 91,345 | 63,776 | 139,348 |
| Deposits with employee retirement insurance trust | (78,397) | (87,150) | (53,189) | (112,358) |
| Advanced depreciation provisions | (60,338) | | | (60,338) |
| Dividends of tax heaven | 13,993 | 30,963 | 13,993 | 30,963 |
| Others | 27,256 | 35,389 | (10,095) | 72,740 |
| | (Won) (3,470,737) | (Won) 2,070,728 | (Won) 1,431,063 | (Won) (2,831,072) |
| (Temporary differences to be charged to equity) | | | | |
| Gain (loss) on valuation of available-for-sale securities | (Won) (2,642,462) | (Won) (894,887) | (Won) (2,647,416) | (Won) (889,933) |
| Gain (loss) on valuation of held-to-maturity securities | | 440 | | 440 |
| Other comprehensive income due to the equity method of accounting | (1,992,938) | (102,233) | (1,185,086) | (910,085) |
| Other negative comprehensive income due to the equity method of accounting | (3,560) | (19,719) | (3,627) | (19,652) |
| Other retained earnings due to the equity method of accounting | 1 | | | 1 |
| Other capital surplus | (2,483) | (370) | | (2,853) |
| Unrealized gain (loss) of derivatives | 355 | 74 | (355) | 784 |
| Gain on disposal of investments accounted for using the equity method of accounting | 34,604 | | | 34,604 |
| | (Won) (4,606,483) | (Won) (1,016,695) | (Won) (3,836,484) | (Won) (1,786,694) |
| Temporary differences total | (Won) (8,077,220) | (Won) 1,054,033 | (Won) (2,405,421) | (Won) (4,617,766) |
| Unrealizable temporary differences (*2) | (Won) (8,113,813) | | | (Won) (7,259,549) |
| Realizable temporary differences | 36,593 | | | 2,641,783 |
| Tax effects for temporary differences | 10,063 | | | 561,892 |
| Tax effects for temporary differences of overseas subsidiaries | 12,234 | | | (3,948) |

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| | | |
|--|--------|--------|
| Tax effects for fair valuation (*3) | 10,504 | 5,119 |
| Tax effects for tax loss carry-forwards | 82,800 | 25,106 |
| Tax effect on contribution carry-over deductions | 900 | 507 |

Net deferred tax assets (liabilities) (Won) 116,501 (Won) 588,676

| <2007> | Jan. 1, 2007(*1) | Increase | Decrease | Dec. 31, 2007 |
|---|---------------------|-------------------|-------------------|-------------------|
| (Temporary differences to be charged to income tax expense) | | | | |
| Securities | (Won) (304,601) | (Won) (182,238) | (Won) (245,229) | (Won) (241,610) |
| Gain (loss) on valuation using the equity method of accounting | (4,416,960) | (2,119,650) | (494,856) | (6,041,754) |
| Depreciation | 44,273 | 8,408 | 3,077 | 49,604 |
| Other allowances | 414,978 | 415,656 | 354,407 | 476,227 |
| Restructuring of loans | 17,749 | 4,100 | 4,368 | 17,481 |
| Allowances for acceptances and guarantees | 56,187 | 108,700 | 55,085 | 109,802 |
| Gain on valuation of derivatives | 49,681 | 190,681 | 51,526 | 188,836 |
| Loss on fair valuation | (63,514) | (103,753) | (63,514) | (103,753) |
| Other allowances for doubtful accounts | 39,805 | | 18,050 | 21,755 |
| Accrued salaries expenses | 76,039 | 10,512 | 18,161 | 68,390 |
| Allowances for possible loan losses | 714,501 | 22,277 | 38,164 | 698,614 |
| Loss on valuation of securities | 1,000,944 | 1,271,378 | 1,000,944 | 1,271,378 |
| Accrued severance benefits | 95,034 | 74,628 | 57,883 | 111,779 |
| Deposits with employee retirement insurance trust | (64,871) | (57,706) | (44,180) | (78,397) |
| Advanced depreciation provisions | (60,414) | | (76) | (60,338) |
| Fictitious dividends of tax heaven | 14,340 | 13,993 | 14,340 | 13,993 |
| Reserve for technology development | (253) | | (253) | |
| Others | (89,339) | 30,615 | (85,980) | 27,256 |
| | (Won) (2,476,421) | (Won) (312,399) | (Won) 681,917 | (Won) (3,470,737) |
| (Temporary differences to be charged to equity) | | | | |
| Gain (loss) on valuation of available-for-sale securities | (Won) (2,910,708) | (Won) (2,642,455) | (Won) (2,910,701) | (Won) (2,642,462) |
| Other comprehensive income due to the equity method of accounting | (2,322,256) | 17 | (329,301) | (1,992,938) |
| Other negative comprehensive income due to the equity method of accounting | (1,362) | (3,560) | (1,362) | (3,560) |
| Other retained earnings due to the equity method of accounting | | 1 | | 1 |
| Other capital surplus | | (2,483) | | (2,483) |
| Unrealized loss of derivatives | (1,239) | 355 | (1,239) | 355 |
| Gain on disposal of investments accounted for using the equity method of accounting | 34,604 | | | 34,604 |
| | (Won) (5,200,961) | (Won) (2,468,125) | (Won) (3,242,603) | (Won) (4,606,483) |
| Temporary differences total | (Won) (7,677,382) | (Won) (2,960,524) | (Won) (2,560,686) | (Won) (8,077,220) |
| Unrealizable temporary differences (*2) | (Won) (6,831,767) | | | (Won) (8,113,813) |
| Realizable temporary differences | (845,615) | | | 36,593 |
| Tax effects for temporary differences | (232,557) | | | 10,063 |
| Tax effects for temporary differences of overseas subsidiaries | 8,206 | | | 12,234 |
| Tax effects for fair valuation (*3) | 147 | | | 10,504 |
| Tax effects for tax loss carry-forwards | 158,500 | | | 82,800 |
| Tax effect on contribution carry-over deductions | 1,877 | | | 900 |

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| | | | | |
|---------------------------------------|-------|----------|-------|---------|
| Net deferred tax assets (liabilities) | (Won) | (63,827) | (Won) | 116,501 |
|---------------------------------------|-------|----------|-------|---------|

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

(*2) Unrealizable temporary differences as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | | 2008 | 2007 |
|---------------|-----------------------------------|-------------------|-------------------|
| The Company | Valuation using the equity method | (Won) (7,168,497) | (Won) (8,036,411) |
| Kyongnam Bank | Advanced depreciation provisions | (60,338) | (60,388) |
| | Other | (30,714) | (17,014) |
| | | (Won) (7,259,549) | (Won) (8,113,813) |

(*3) Resulting from fair valuation of Woori Investment Securities, Woori Financials and Woori Aviva's assets and liabilities at acquisition.

(4) Details of income tax expense (benefits) for the years ended December 31, 2008 and 2007, and the deferred income tax assets (liabilities) as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | Income tax expense | Deferred income tax assets | Deferred income tax liabilities |
|-----------------------------|-----------------------|-------------------------------|------------------------------------|
| Woori Bank | (Won) 380,221 | (Won) 604,594 | (Won) 2,279 |
| Kyongnam Bank | 74,194 | | 34,810 |
| Kwangju Bank | 41,741 | 15,159 | |
| WFIS | 1,658 | 1,812 | |
| Woori F&I | 10,604 | 2,563 | 8 |
| Woori Investment Securities | 80,668 | 6,234 | 11,934 |
| Woori CS | 2,085 | 4,257 | |
| Woori PE | 4,909 | 6,555 | |
| Woori Financial | 6,344 | 5,977 | 1,550 |
| Woori Aviva | 356 | | 7,894 |
| | (Won) 602,780 | (Won) 647,151 | (Won) 58,475 |

| <2007> | Income tax expense | Deferred income tax assets | Deferred income tax liabilities |
|-----------------------------|-----------------------|----------------------------------|---------------------------------------|
| Woori Bank | (Won) 566,256 | (Won) 160,113 | (Won) 1,002 |
| Kyongnam Bank | 60,014 | 29 | 22,410 |
| Kwangju Bank | 40,325 | 12,633 | 1 |
| WFIS | 266 | 2,005 | 11 |
| Woori F&I | 15,946 | 73 | 1,871 |
| Woori Investment Securities | 112,520 | 5,550 | 47,091 |
| Woori CS | 6,314 | 1,226 | |
| Woori PE | 708 | 167 | |
| Woori Financial | (2,170) | 7,963 | 872 |
| | (Won) 800,179 | (Won) 189,759 | (Won) 73,258 |

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

| Year incurred | Amount | Utilized | Remaining | Expiration |
|---------------|--------|----------|-----------|------------|
|---------------|--------|----------|-----------|------------|

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| | | | | |
|------|-----------------|---------------|-----------------|---------------|
| 2003 | (Won) 1,328,129 | (Won) 909,680 | (Won) 418,449 | Dec. 31, 2008 |
| 2004 | 396,463 | | 396,463 | Dec. 31, 2009 |
| 2005 | 112,270 | 202 | 112,068 | Dec. 31, 2010 |
| 2006 | 22,324 | | 22,324 | Dec. 31, 2011 |
| 2007 | 57,788 | | 57,788 | Dec. 31, 2012 |
| 2008 | 88,593 | | 88,593 | Dec. 31, 2013 |
| | (Won) 2,005,567 | (Won) 909,882 | (Won) 1,095,685 | |

As of December 31, 2008 and 2007, recognized deferred tax assets in tax loss carry-forwards above are as follows (Korean won in millions):

| Subsidiaries | 2008 | 2007 |
|--------------|--------------|--------------|
| Woori Bank | (Won) 25,106 | (Won) 82,800 |

29. EARNINGS PER COMMON SHARE

Basic controlling net income per common share for the years ended December 31, 2008 and 2007 are as follows (Korea won in millions except for per share data):

| | 2008 | 2007 |
|--|------------------|--------------------|
| Controlling net income on common shares | (Won) 454,478 | (Won) 1,939,238 |
| Weighted average number of common shares (in shares) | 806,012,783 | 806,012,783 |
| Basic controlling net income per common share | (Won) 564 | (Won) 2,406 |

30. ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprehensive income statements for the years ended December 31, 2008 and 2007 are as follows (Korean won in millions):

| | 2008 | 2007 |
|---|------------------------|------------------------|
| Net income | (Won) 588,502 | (Won) 2,114,360 |
| Gain on valuation of available-for-sale securities | (1,219,591) | (271,596) |
| Cumulative effect of foreign currency translation | 49,637 | 4,423 |
| Gain on valuation of derivatives for cashflow hedge | (66,447) | (4,620) |
| Valuation using the equity method on subsidiaries | 33,420 | (6,991) |
| Comprehensive income | (Won) (614,479) | (Won) 1,835,576 |

31. CONSOLIDATED STATEMENTS OF CASH FLOWS

Restricted due from banks is excluded in cash and due from banks in consolidated statements of cash flows (Korean won in millions).

| | 2008 | 2007 |
|--|------------------------|------------------------|
| Cash and due from bank of Balance sheets | (Won) 19,967,897 | (Won) 14,984,541 |
| Restricted due form from banks (Note 3) | (12,795,215) | (8,993,530) |
| Cash in statements of cash flows | (Won) 7,172,682 | (Won) 5,991,011 |

32. CONSOLIDATED OPERATIONAL RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2008 AND 2007

| | Three months ended Dec. 31, 2008 (In millions, except for income per share data) (Unaudited) | Three months ended Dec. 31, 2007 (Unaudited) |
|--------------------|---|---|
| Operating revenue | (Won) 39,081,393 | (Won) 8,191,876 |
| Operating expenses | 39,669,399 | (8,006,342) |

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| | | |
|---|-----------------|---------------|
| Operating income | (588,006) | 185,534 |
| Non-operating income | 23,923 | 42,713 |
| Non-operating expenses | 42,397 | (45,930) |
| Income before income tax and minority interests | (606,480) | 182,317 |
| Income tax expense | 67,036 | 36,022 |
| Income before minority interests | (673,516) | 146,295 |
| Minority interests gain | (8,725) | 34,669 |
| Controlling net income | (Won) (664,791) | (Won) 111,626 |
| Controlling net income per common share | (Won) (825) | (Won) 138 |

33. INTER-COMPANY TRANSACTIONS

A. Significant balances as of December 31, 2008 and transactions for the year ended December 31, 2008 with and amongst the Company, its subsidiaries, and equity method investees, which have been eliminated in the consolidation, are as follows (Korean won in millions):

(1) Assets and liabilities

1) Due from banks

| | The Company | Woori Bank | Kyongnam Bank | Kwangju Bank | WFIS | Woori Financial | Woori Investment Securities | Woori CS | Woori PE | Others |
|----------|---------------|--------------|---------------|--------------|-------------|-----------------|-----------------------------|--------------|-------------|--------|
| Bank | (Won) 120,438 | (Won) | (Won) 29,546 | (Won) 8,678 | (Won) 3,805 | (Won) 431,332 | (Won) 27,569 | (Won) 52,952 | (Won) 5,070 | (Won) |
| nam Bank | | 16,402 | | 2 | 2,697 | 782 | 16,319 | | | |
| ju Bank | | 5,496 | 1 | | 1,715 | 75,433 | 18,000 | 3,491 | | |
| | | 10,229 | | | | 7,296 | | | | |
| | (Won) 120,438 | (Won) 32,127 | (Won) 29,547 | (Won) 8,680 | (Won) 8,217 | (Won) 514,843 | (Won) 61,888 | (Won) 56,443 | (Won) 5,070 | (Won) |

2) Deposits

| | Woori Bank | Kyongnam Bank | Kwangju Bank | Others |
|-----------------------------|---------------|---------------|---------------|--------------|
| The Company | (Won) 120,438 | (Won) | (Won) | (Won) |
| Woori Bank | | 16,402 | 5,496 | 10,229 |
| Kyongnam Bank | 29,546 | | 1 | |
| Kwangju Bank | 8,678 | 2 | | |
| WFIS | 3,805 | 2,697 | 1,715 | |
| Woori Investment Securities | 431,332 | 782 | 75,433 | 7,296 |
| Woori CS | 27,569 | 16,319 | 18,000 | |
| Woori PE | 52,952 | | 3,491 | |
| Woori Financial | 5,070 | | | |
| Others | 19,451 | 27 | 7,002 | |
| | (Won) 698,841 | (Won) 36,229 | (Won) 111,138 | (Won) 17,525 |

3) Loans

| | Woori Bank | Kyongnam Bank | Kwangju Bank | Woori Financial | Others |
|-----------------|---------------|---------------|--------------|-----------------|--------------|
| Woori Bank | (Won) | (Won) | (Won) 11,044 | (Won) 33,466 | (Won) 19,363 |
| Woori Financial | 170,000 | | | 10,000 | |
| Others | | 70,000 | 20,000 | | |
| | (Won) 170,000 | (Won) 70,000 | (Won) 31,044 | (Won) 43,466 | (Won) 19,363 |

4) Borrowings

| | Woori Bank | Woori Financial | Others |
|---------------|-----------------------|----------------------------|---------------|
| The Company | (Won) | (Won) 170,000 | (Won) |
| Woori Bank | | | 70,000 |
| Kyongnam Bank | 11,044 | | 20,000 |
| Kwangju Bank | 33,466 | 10,000 | |
| Others | 19,363 | | |
| | (Won) 63,873 | (Won) 180,000 | (Won) 90,000 |

5) Other assets

| | The Company | Woori Bank | Kyongnam Bank | Kwangju Bank | WFIS | Woori Investment Securities | Woori CS | Others |
|-----------------------------|-------------|------------|---------------|--------------|--------|-----------------------------|----------|--------|
| The Company | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) |
| Woori Bank | 30,852 | | 62,113 | 4,965 | 21,088 | 230,312 | 893 | 2,658 |
| Kyongnam Bank | | 78,201 | | 4,905 | 2,660 | 8,312 | 236 | |
| Kwangju Bank | | | 1,259 | | 1,843 | 17,514 | 828 | 496 |
| WFIS | | 99 | 4 | 3 | | | | |
| Woori Investment Securities | | 3,034 | | 36 | 55 | | | 11,346 |
| Woori CS | | 295 | | | | | | |
| Woori Financial | | 241 | | 102 | | 14,067 | | |
| Others | | 6,275 | 55 | 37 | 61 | 52 | 11 | 23 |

(Won) 30,852 (Won) 88,366 (Won) 63,431 (Won) 10,048 (Won) 25,707 (Won) 270,257 (Won) 1,968 (Won) 14,523

6) Other liabilities

| | The Company | Woori Bank | Kyongnam Bank | Kwangju Bank | WFIS | Woori Investment Securities | Woori CS | Woori Financial | Others |
|-----------------------------|-------------|------------|---------------|--------------|-------|-----------------------------|----------|-----------------|--------|
| The Company | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) | (Won) |
| Woori Bank | 221 | | 78,201 | | 99 | 3,034 | 295 | 241 | 6,275 |
| Kyongnam Bank | | 62,113 | | 1,259 | 4 | | | | 55 |
| Kwangju Bank | | 4,965 | 4,905 | | 3 | 36 | | 102 | 37 |
| WFIS | | 21,088 | 2,660 | 1,843 | | 55 | | | 61 |
| Woori Investment Securities | | 230,312 | 8,312 | 17,514 | | | | 14,067 | 52 |
| Woori CS | | 893 | 236 | 828 | | | | | 11 |
| Others | | 2,658 | | 496 | | 11,346 | | | 23 |

(Won) 221 (Won) 352,881 (Won) 94,314 (Won) 21,940 (Won) 106 (Won) 14,471 (Won) 295 (Won) 14,410 (Won) 6,514

(2) Income and Expenses

1) Interest income

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| | The Company | Woori Bank | Kyongnam Bank | Kwangju Bank | WFIS | Woori F&I | Woori Investment Securities | Woori CS | Others |
|-----------------------------|-------------|-------------|---------------|--------------|----------|-----------|-----------------------------|-------------|-------------|
| Woori Bank | (Won) 6,860 | (Won) | (Won) 2,023 | (Won) 2,041 | (Won) 3 | (Won) 426 | (Won) 30,807 | (Won) 1,760 | (Won) 4,304 |
| Kyongnam Bank | 228 | 250 | | 256 | 20 | | 1,772 | 723 | 32 |
| Kwangju Bank | 228 | 112 | 40 | | 18 | | 2,593 | 1,249 | 475 |
| Woori Investment Securities | | 119 | 295 | 232 | | | | 103 | 298 |
| Woori Financial Others | 1,318 | | 1,211 | 1,515 | | | 747 | | |
| | | 959 | 61 | | | | 32 | | |
| | (Won) 8,634 | (Won) 1,440 | (Won) 3,630 | (Won) 4,044 | (Won) 41 | (Won) 426 | (Won) 35,951 | (Won) 3,835 | (Won) 5,109 |

2) Interest expense

| | Woori Bank | Kyongnam Bank | Kwangju Bank | Woori Investment Securities | Woori Financial | Others |
|-----------------------------|--------------|---------------|--------------|-----------------------------|-----------------|-------------|
| The Company | (Won) 6,860 | (Won) 228 | (Won) 228 | (Won) | (Won) 1,318 | (Won) |
| Woori Bank | | 250 | 112 | 119 | | 959 |
| Kyongnam Bank | 2,023 | | 40 | 295 | 1,211 | 61 |
| Kwangju Bank | 2,041 | 256 | | 232 | 1,515 | |
| WFIS | 3 | 20 | 18 | | | |
| Woori F&I | 426 | | | | | |
| Woori Investment Securities | 30,807 | 1,772 | 2,593 | | 747 | 32 |
| Woori CS | 1,760 | 723 | 1,249 | 103 | | |
| Others | 4,304 | 32 | 475 | 298 | | |
| | (Won) 48,224 | (Won) 3,281 | (Won) 4,715 | (Won) 1,047 | (Won) 4,791 | (Won) 1,052 |

3) Fees (income)

| | Woori Bank | Woori Investment Securities | Woori CI | Others |
|-----------------------------|-------------|-----------------------------|-------------|-------------|
| The Company | (Won) | (Won) 910 | (Won) | (Won) |
| Woori Bank | | 1,530 | | 1,307 |
| Kyongnam Bank | | 21 | 26 | |
| Kwangju Bank | | | 14 | |
| Woori Investment Securities | 538 | | 11 | |
| Woori CS | 1,347 | | | |
| Other | 3,314 | 18 | 2,761 | 353 |
| | (Won) 5,199 | (Won) 2,479 | (Won) 2,812 | (Won) 1,660 |

4) Commissions (expense)

| | The Company | Woori Bank | Kyongnam Bank | Kwangju Bank | Woori Investment Securities | Woori CS | Others |
|-----------------------------|-------------|-------------|---------------|--------------|-----------------------------|-------------|-------------|
| Woori Bank | (Won) | (Won) | (Won) | (Won) | (Won) 538 | (Won) 1,347 | (Won) 3,314 |
| Woori Investment Securities | 910 | 1,530 | 21 | | | | 18 |
| Woori CI | | | 26 | 14 | 11 | | 2,761 |
| Others | | 1,307 | | | | | 353 |
| | (Won) 910 | (Won) 2,837 | (Won) 47 | (Won) 14 | (Won) 549 | (Won) 1,347 | (Won) 6,446 |

5) Other income

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| | Woori | | | | | | | | | | | |
|-----------------------------|-----------------------|--------------------------|-------------------------|-------------|--|---------------|-------|---------|-------|--------|-------|-----|
| | Woori Bank | Kyongnam Bank | Kwangju Bank | WFIS | Woori Investment Securities | Others | | | | | | |
| The Company | (Won) | 674 | (Won) | (Won) | (Won) | (Won) | | | | | | |
| Woori Bank | | | 68,291 | | 212,322 | 12,880 | 64 | | | | | |
| Kyongnam Bank | | 64,779 | | | 27,790 | | 175 | | | | | |
| Kwangju Bank | | 27 | | | 20,366 | 95 | 19 | | | | | |
| WFIS | | 5,029 | | | | | 14 | | | | | |
| Woori Investment Securities | | 42,366 | | 22 | 362 | | 15 | | | | | |
| Others | | 3,945 | | | 1,142 | 3,973 | 134 | | | | | |
| | (Won) | 116,820 | (Won) | 68,291 | (Won) | 22 | (Won) | 263,553 | (Won) | 16,948 | (Won) | 421 |

6) Other expenses

| | The Company | Woori Bank | Kyongnam Bank | Kwangju Bank | WFIS | Woori Investment Securities | Others |
|-----------------------------|-------------|---------------|---------------|--------------|-------------|-----------------------------|-------------|
| Woori Bank | (Won) 674 | (Won) 68,291 | (Won) 64,779 | (Won) 27 | (Won) 5,029 | (Won) 42,366 | (Won) 3,945 |
| Kyongnam Bank | | 68,291 | | | | | |
| Kwangju Bank | | | | | | 22 | |
| WFIS | 1,571 | 212,322 | 27,790 | 20,366 | | 362 | 1,142 |
| Woori Investment Securities | | 12,880 | | 95 | | | 3,973 |
| Other | | 64 | 175 | 19 | 14 | 15 | 134 |
| | (Won) 2,245 | (Won) 293,557 | (Won) 92,744 | (Won) 20,507 | (Won) 5,043 | (Won) 42,765 | (Won) 9,194 |

- B. Unrealized gain or loss on transactions among the Company and its subsidiaries, which is eliminated from consolidated income for the year ended December 31, 2008, is as follows (Korean won in millions):

| | Jan. 1, 2008 | Realized | Increase | Dec. 31, 2008 |
|-----------------------------|----------------|---------------|---------------|---------------|
| Woori Bank | (Won) (12,349) | (Won) 6,300 | (Won) (3,030) | (Won) (9,079) |
| Kyongnam Bank | 102 | (102) | (84) | (84) |
| Kwangju Bank | 10,306 | (9,022) | | 1,284 |
| WFIS | 2,401 | 723 | | 3,124 |
| Woori F&I | (634) | 634 | | |
| Woori 3rd SPC | (139) | 139 | | |
| Woori Investment Securities | (129) | (29) | | (158) |
| Woori Financial | | | 850 | 850 |
| Woori Aviva | | | 56 | 56 |
| | (Won) (442) | (Won) (1,357) | (Won) (2,208) | (Won) (4,007) |

- C. Net income(loss) of subsidiary before purchase for the years ended December 31, 2008 and 2007 are as follows (Korea won in millions):

| | 2008 | 2007 |
|--------------------------|-------------|--------------|
| Operation revenue : | | |
| Interest income | (Won) 4,074 | (Won) 43,984 |
| Fees | | 61,643 |
| Other operation revenue | 36,753 | 6,218 |
| | 40,827 | 111,845 |
| Operation expenses : | | |
| Interest expense | 250 | 26,246 |
| Commissions | | 42 |
| Other operation expenses | (4,515) | 64,222 |
| Other expenses | 46,060 | 15,224 |
| | 41,795 | 105,734 |
| Operation income | (968) | 6,111 |

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| | | |
|----------------------------------|---------------|-------------|
| Non-operating income | 443 | 4,929 |
| Non-operating expenses | 480 | 815 |
| Income before income tax expense | (1,005) | 10,225 |
| Income tax expense | 30 | 1,547 |
| Net income(loss) | (Won) (1,035) | (Won) 8,678 |

34. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

The significant assets and liabilities in foreign currencies as of December 31, 2008 and 2007 are as follows (Korean won in millions and U.S. dollars in thousands):

| | | <2008> | U.S. dollars (*1) | Korean won equivalent |
|--------------|---|--------|-------------------|-----------------------|
| Assets; | Cash in foreign currencies | | US\$ 332,314 | (Won) 417,885 |
| | Due from bank in foreign currencies | | 3,639,279 | 4,576,393 |
| | Trading securities | | 219,328 | 275,805 |
| | Available-for-sale securities | | 1,182,254 | 1,486,684 |
| | Held-to-maturities securities | | 145,901 | 183,471 |
| | Investments accounted for using the equity method of accounting | | 68,177 | 85,733 |
| | Usance | | 3,513,696 | 4,418,473 |
| | Loans in foreign currencies | | 13,647,770 | 17,162,071 |
| | Bills bought in foreign currencies | | 4,210,331 | 5,294,491 |
| | Call loans | | 1,140,844 | 1,434,611 |
| | | | US\$ 28,099,894 | (Won) 35,335,617 |
| Liabilities; | Deposit in foreign currencies | | US\$ 7,513,419 | (Won) 9,448,124 |
| | Borrowing in foreign currencies | | 9,848,390 | 12,384,351 |
| | Payable in foreign currencies | | 210,936 | 265,252 |
| | Deposits for letter of guarantees | | 72,247 | 90,850 |
| | Bonds sold under repurchase agreements in foreign currency | | 68,220 | 85,787 |
| | Call money | | 2,318,051 | 2,914,949 |
| | Debentures | | 5,173,971 | 6,506,268 |
| | | | US\$ 25,205,233 | (Won) 31,695,581 |
| | | | | |
| | | <2007> | U.S. dollars (*1) | Korean won equivalent |
| Assets; | Cash in foreign currencies | | US\$ 315,147 | (Won) 295,671 |
| | Due from bank in foreign currencies | | 1,429,346 | 1,341,012 |
| | Trading securities | | 135,047 | 126,701 |
| | Available-for-sale securities | | 1,718,757 | 1,612,537 |
| | Held-to-maturities securities | | 155,546 | 145,933 |
| | Investments accounted for using the equity method of accounting | | 7,263 | 6,814 |
| | Usance | | 2,936,027 | 2,754,581 |
| | Loans in foreign currencies | | 11,569,470 | 10,854,476 |
| | Bills bought in foreign currencies | | 4,600,090 | 4,315,804 |
| | Call loans | | 865,358 | 811,879 |
| | | | US\$ 23,732,051 | (Won) 22,265,408 |
| Liabilities; | Deposit in foreign currencies | | US\$ 5,710,978 | (Won) 5,358,040 |
| | Borrowing in foreign currencies | | 9,807,393 | 9,201,296 |
| | Payable in foreign currencies | | 244,735 | 229,610 |
| | Bonds sold under repurchase agreements in foreign currency | | 93,289 | 87,524 |
| | Deposits for letter of guarantees | | 8,733 | 8,193 |
| | Call money | | 981,362 | 920,714 |
| | Debentures | | 5,550,249 | 5,207,244 |
| | | | US\$ 22,396,739 | (Won) 21,012,621 |

(*1) Currencies other than U.S. dollars were translated into U.S. dollars based on Base Rate announced by Seoul Money Brokerage Service, Ltd. at December 31, 2008 and 2007, respectively.

35. CONTINGENCIES AND COMMITMENTS

- (1) Confirmed acceptances and guarantees and non-confirmed acceptances and guarantees as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | | 2008 | 2007 |
|--|--|------------------|-----------------|
| Confirmed acceptances and guarantees: | | | |
| Local currency: | Guarantees for debenture issuance | (Won) 6,478 | (Won) 15,315 |
| | Guarantees for loans | 121,342 | 123,873 |
| | Guarantees for bills | 39,977 | 5,000 |
| | Others | 1,477,513 | 1,378,590 |
| | | 1,645,310 | 1,522,778 |
| Foreign currencies: | Acceptance | 781,017 | 248,605 |
| | Guarantee in acceptance of imported goods | 105,583 | 121,552 |
| | Credit derivatives sold | 169,763 | |
| | Others | 9,499,021 | 3,614,550 |
| | | 10,555,384 | 3,984,707 |
| | | (Won) 12,200,694 | (Won) 5,507,485 |
| Non-confirmed acceptances and guarantees: | | | |
| | Local letter of credit in foreign currencies | (Won) 630,838 | (Won) 625,038 |
| | Local letter of credit in local currency | 95,321 | 87,954 |
| | Letter of credit | 6,089,040 | 3,523,593 |
| | Others | 7,892,189 | 4,497,314 |
| | | (Won) 14,707,388 | (Won) 8,733,899 |

- (2) Endorsed bills and the loan commitments as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| | | 2008 | 2007 |
|---|--|------------------|------------------|
| Loan commitments in local currency | | (Won) 61,619,740 | (Won) 56,854,985 |
| Loan commitments in foreign currencies | | 21,248,452 | 12,735,302 |
| Other commitments in foreign currencies | | 1,292,695 | 621,605 |
| | | (Won) 84,160,887 | (Won) 70,211,892 |
| Endorsed bills without guarantee | | (Won) 426,534 | (Won) 11,597,149 |
| Endorsed bills with guarantee | | 42,006 | 29,565 |
| | | (Won) 468,540 | (Won) 11,626,714 |

- (3) The allowance for acceptances and guarantees as of December 31, 2008 and 2007 are as follows (Korean won in billions):

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| | 2008 | | | 2007 | | |
|---------------|-----------|-----------|----------------|-----------|-----------|----------------|
| | Allowance | Ratio (%) | Outstanding(*) | Allowance | Ratio (%) | Outstanding(*) |
| Normal | (Won) 80 | 0.3 | (Won) 26,978 | (Won) 104 | 0.7 | (Won) 14,179 |
| Precautionary | 7 | 2.4 | 292 | 1 | 5.4 | 20 |
| Substandard | 1 | 13.5 | 9 | 5 | 44.1 | 11 |
| Doubtful | 45 | 17.0 | 266 | | 42.9 | 1 |
| Loss | 5 | 41.5 | 10 | | | |
| | (Won) 138 | | (Won) 27,555 | (Won) 110 | | (Won) 14,211 |

(*) Included confirmed acceptances and guarantees, non-confirmed acceptances and guarantees and endorsed bills with guarantee of the Bank's subsidiaries.

- (4) As of December 31, 2008, the Company and its subsidiaries had filed 6,465 lawsuits as a plaintiff pleading damages amounting to (Won)869 billion and had been designated as a defendant in 253 lawsuits claiming damages amounting to (Won)266 billion. The Company and its subsidiaries do not anticipate the outcome of these lawsuits would have a significant effect on their financial conditions or results of their operations.

Important lawsuits in which the Company and its subsidiaries are defendants are as follows (Unit: Korean won in billions):

| Defendant | Plaintiff | Amount | Detail of case |
|--------------|----------------------------------|--------|--|
| Woori Bank | LNH Korea | 59 | Claim for damage relating to factoring loans for LNH Korea (US\$ 50 million) |
| | Ilsung Pharmaceuticals Co., Ltd. | 30 | Legality of reduction of capital of Hanil Bank |
| | Kyobo Life Insurance Co., Ltd. | 10 | Claim for damage relating to trusts acquiring commercial paper of Sachan Corp. |
| Kwangju Bank | The Export-Import Bank of Korea | 58 | Verify export guarantee obligation for Daewoo Corp. |

- (5) Details of allowances for unused credit line and other allowances as of December 31, 2008 and 2007 are as follows (Korean won in billions):

| | 2008 | 2007 |
|--|-----------|-----------|
| Unused commitments on credit cards and loans | (Won) 401 | (Won) 363 |
| Lawsuits | 63 | 49 |
| Disposal of Petro Bank | 6 | 5 |
| Mileage on credit cards | 87 | 72 |
| Others | 35 | 1 |
| | (Won) 592 | (Won) 490 |

36. DERIVATIVES

- (1) Unsettled commitments from derivatives as of December 31, 2008 and 2007 are as follows (Korean won in millions):

| <2008> | For trading | For hedging | Total |
|------------------------|---------------|-----------------|-----------------|
| Interest rate: | | | |
| Interest rate forwards | (Won) 250,872 | (Won) 1,232,933 | (Won) 1,483,805 |
| Interest rate swaps | 65,048,143 | 23,305,381 | 88,353,524 |
| Interest rate futures | 338,774 | | 338,774 |
| Long interest options | 7,377,875 | | 7,377,875 |
| Short interest options | 3,395,736 | | 3,395,736 |
| | 76,411,400 | 24,538,314 | 100,949,714 |
| Currency: | | | |
| Currency forwards | 77,707,615 | 2,090,108 | 79,797,723 |
| Currency swaps | 19,317,900 | 2,702,597 | 22,020,497 |
| Currency futures | 2,740,628 | 1,302 | 2,741,930 |
| Long currency options | 7,221,211 | 173,377 | 7,394,588 |
| Short currency options | 7,879,020 | | 7,879,020 |
| | 114,866,374 | 4,967,384 | 119,833,758 |

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| | | | |
|---------------------------|-----------|-----------|------------|
| Stock & Stock Index: | | | |
| Stock index futures | 27,235 | 56,483 | 83,718 |
| Stock swaps | 1,814,466 | 5,542,552 | 7,357,018 |
| Long stock index options | 45,723 | 1,414,423 | 1,460,146 |
| Short stock index options | 1,542,791 | 3,600 | 1,546,391 |
| | 3,430,215 | 7,017,058 | 10,447,273 |

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| <2008> | For trading | For hedging | Total |
|---------------------------------|--------------------|--------------------|-------------------|
| Credit derivatives: | | | |
| Short credit derivatives | (Won) 880,250 | (Won) | (Won) 880,250 |
| Credit derivatives swaps | 49,250 | | 49,250 |
| | 929,500 | | 929,500 |
| Others: | | | |
| Long Option | 1,261,247 | 12,284 | 1,273,531 |
| Short Option | 1,364,279 | | 1,364,279 |
| Other forwards | 753,768 | | 753,768 |
| Other swaps | 415,942 | 1,344,738 | 1,760,680 |
| Other futures | 6,041 | | 6,041 |
| | 3,801,277 | 1,357,022 | 5,158,299 |
| | (Won) 199,438,766 | (Won) 37,879,778 | (Won) 237,318,544 |
| <2007> | | | |
| | For trading | For hedging | Total |
| Interest rate: | | | |
| Interest rate forwards | (Won) 10,638 | (Won) 1,604,281 | (Won) 1,614,919 |
| Interest rate swaps | 56,976,661 | 20,300,361 | 77,277,022 |
| Interest rate futures | 1,025,893 | | 1,025,893 |
| Long interest options | 3,273,510 | | 3,273,510 |
| Short interest options | 2,454,478 | 100,000 | 2,554,478 |
| | 63,741,180 | 22,004,642 | 85,745,822 |
| Currency: | | | |
| Currency forwards | 114,454,702 | 4,093,653 | 118,548,355 |
| Currency swaps | 14,021,224 | 1,923,570 | 15,944,794 |
| Currency futures | 1,735,247 | 2,139 | 1,737,386 |
| Long currency options | 7,977,448 | 104,735 | 8,082,183 |
| Short currency options | 5,799,785 | | 5,799,785 |
| | 143,988,406 | 6,124,097 | 150,112,503 |
| Stock & Stock Index: | | | |
| Stock index futures | 85,534 | 13,549 | 99,083 |
| Stock swaps | 6,755 | 3,793,124 | 3,799,879 |
| Long stock index options | 1,257,021 | 840,406 | 2,097,427 |
| Short stock index options | 2,433,635 | 3,600 | 2,437,235 |
| | 3,782,945 | 4,650,679 | 8,433,624 |
| Credit derivatives: | | | |
| Short credit derivatives | 595,757 | | 595,757 |
| Others: | | | |
| Long Option | 1,109,006 | 9,999 | 1,119,005 |
| Short Option | 1,110,695 | | 1,110,695 |
| Other forwards | 535,325 | | 535,325 |
| Other swaps | | 90,000 | 90,000 |
| Other futures | 9,410 | | 9,410 |
| | 2,764,436 | 99,999 | 2,864,435 |

(Won) 214,872,724 (Won) 32,879,417 (Won) 247,752,141

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(2) Gains or losses on valuation of derivatives for the years ended December 31, 2008 and 2007 cumulated are as follows (Korean won in millions):

| <2008> | 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 | Assets | Liabilities | |
| Interest rate: | | | | | | | | | | |
| Interest rate forwards | (Won) 1,117 | (Won) 4,655 | (Won) 5,772 | (Won) 45 | (Won) 13,789 | (Won) 13,834 | (Won) | (Won) 247 | (Won) 4 | |
| Interest rate swaps | 1,623,791 | 323,567 | 1,947,358 | 1,978,318 | 120,927 | 2,099,245 | (5,457) | 2,013,623 | 2,307,63 | |
| Interest rate swaps | | | | 175 | | 175 | | | | |
| Interest rate swaps | 168,577 | | 168,577 | 43,124 | | 43,124 | | 218,681 | | |
| Interest rate swaps | 15,417 | | 15,417 | 71,876 | | 71,876 | | | 88,43 | |
| | 1,808,902 | 328,222 | 2,137,124 | 2,093,538 | 134,716 | 2,228,254 | (5,457) | 2,232,551 | 2,396,11 | |
| Currency: | | | | | | | | | | |
| Currency forwards | 5,723,656 | 130,045 | 5,853,701 | 4,605,334 | 110,378 | 4,715,712 | (15,679) | 5,915,726 | 4,750,31 | |
| Currency swaps | 1,314,049 | 370,896 | 1,684,945 | 2,787,305 | 345,461 | 3,132,766 | 1,312 | 1,571,710 | 3,014,17 | |
| Currency futures | 2,209 | 823 | 3,032 | | 27 | 27 | | | | |
| Currency swaps | 1,251,490 | 434 | 1,251,924 | 34,553 | 1,145 | 35,698 | | 1,642,187 | | |
| Currency swaps | 7,767 | 1,571 | 9,338 | 558,470 | | 558,470 | | 777 | 659,42 | |
| | 8,299,171 | 503,769 | 8,802,940 | 7,985,662 | 457,011 | 8,442,673 | (14,367) | 9,130,400 | 8,423,91 | |
| Stock & Stock index: | | | | | | | | | | |
| Stock index futures | 254 | | 254 | 817 | 183 | 1,000 | | 10,234 | 23 | |
| Stock swaps | 148,012 | 86,000 | 234,012 | 47,863 | 435,563 | 483,426 | | 443,742 | 2,003,76 | |
| Stock index futures | 1,995 | 24,781 | 26,776 | 955 | 54,617 | 55,572 | | 73,352 | 15,82 | |
| Stock index futures | 192,795 | 74 | 192,869 | 6,825 | | 6,825 | | 266,097 | (42,07 | |
| | 343,056 | 110,855 | 453,911 | 56,460 | 490,363 | 546,823 | | 793,425 | 1,977,74 | |
| Credit derivatives: | | | | | | | | | | |
| Credit derivatives | | | | 368,323 | | 368,323 | | | 482,59 | |
| Credit derivatives | | | | 1,539 | | 1,539 | | | 1,53 | |
| | | | | 369,862 | | 369,862 | | | 484,13 | |
| Others: | | | | | | | | | | |

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| | | | | | | | | | |
|--------|------------------|-----------------|------------------|------------------|-----------------|------------------|----------------|------------------|-----------------|
| ng | | | | | | | | | |
| tions | 92,795 | | 92,795 | 99,469 | 1,066 | 100,535 | | 232,695 | |
| ort | | | | | | | | | |
| tions | 56,469 | | 56,469 | 19,855 | | 19,855 | | | 194,93 |
| her | | | | | | | | | |
| rwards | 115,466 | | 115,466 | 135,325 | | 135,325 | | 115,466 | 136,50 |
| her | | | | | | | | | |
| aps | 251,738 | 62,442 | 314,180 | 250,451 | 61,115 | 311,566 | | 193,265 | 188,13 |
| her | | | | | | | | | |
| ures | 13 | | 13 | 93 | | 93 | | 13 | 9 |
| | 516,481 | 62,442 | 578,923 | 505,193 | 62,181 | 567,374 | | 541,439 | 519,66 |
| | (Won) 10,967,610 | (Won) 1,005,288 | (Won) 11,972,898 | (Won) 11,010,715 | (Won) 1,144,271 | (Won) 12,154,986 | (Won) (19,824) | (Won) 12,697,815 | (Won) 13,801,57 |

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| <2007> | 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 | Assets | Liabilities | | | | | | |
| Interest rate: | | | | | | | | | | | | | | | |
| Interest rate forwards | (Won) | (Won) | 11,257 | (Won) | 11,257 | (Won) | 14 | (Won) | 4,351 | (Won) | 4,365 | (Won) | (Won) | (Won) | 13 |
| Interest rate swaps | 356,030 | 181,076 | 537,106 | 404,285 | 186,614 | 590,899 | (3,338) | 528,276 | 658,501 | | | | | | |
| Long interest options | 14,894 | | 14,894 | 2,579 | | 2,579 | | 51,829 | | | | | | | |
| Short interest options | 3,758 | | 3,758 | 12,118 | 110 | 12,228 | | 1 | 27,389 | | | | | | |
| | 374,682 | 192,333 | 567,015 | 418,996 | 191,075 | 610,071 | (3,338) | 580,106 | 685,903 | | | | | | |
| Currency: | | | | | | | | | | | | | | | |
| Currency forwards | 1,158,818 | 30,174 | 1,188,992 | 1,142,137 | 40,938 | 1,183,075 | 4,419 | 1,205,842 | 1,199,280 | | | | | | |
| Currency swaps | 145,186 | 33,361 | 178,547 | 180,561 | 32,333 | 212,894 | 823 | 462,723 | 428,940 | | | | | | |
| Currency futures | 83 | 1 | 84 | | | | | 83 | | | | | | | |
| Long currency options | 100,390 | | 100,390 | 28,355 | 969 | 29,324 | | 95,533 | 41,116 | | | | | | |
| Short currency options | 18,384 | | 18,384 | 41,209 | | 41,209 | | 18,006 | 69,121 | | | | | | |
| | 1,422,861 | 63,536 | 1,486,397 | 1,392,262 | 74,240 | 1,466,502 | 5,242 | 1,782,187 | 1,738,457 | | | | | | |
| Stock & Stock index : | | | | | | | | | | | | | | | |
| Stock index futures | | 66 | 66 | 1 | | 1 | | | 1 | | | | | | 1 |
| Stock swaps | 221 | 32,356 | 32,577 | 39 | 34,339 | 34,378 | | 21,080 | 51,140 | | | | | | |
| Long stock index options | 18,916 | 16,211 | 35,127 | 52,604 | 20,072 | 72,676 | | 133,875 | 307 | | | | | | |
| Short stock index options | 32,353 | 259 | 32,612 | 50,712 | | 50,712 | | 6,892 | 378,345 | | | | | | |
| | 51,490 | 48,892 | 100,382 | 103,356 | 54,411 | 157,767 | | 161,847 | 429,793 | | | | | | |
| Credit derivatives: | | | | | | | | | | | | | | | |
| Short credit derivatives | | | | 126,751 | | 126,751 | | | | | | | | | 126,751 |
| Others: | | | | | | | | | | | | | | | |
| Long options | 80,248 | 371 | 80,619 | 54,914 | | 54,914 | | 82,590 | 54,914 | | | | | | |
| Short options | 3,222 | | 3,222 | 25,244 | | 25,244 | | 884 | 27,451 | | | | | | |
| Other forwards | 16,954 | | 16,954 | 14,421 | | 14,421 | | 16,260 | 14,412 | | | | | | |
| Other swaps | | 2,063 | 2,063 | | 322 | 322 | | 2,063 | 322 | | | | | | |
| Other futures | 176 | | 176 | 45 | | 45 | | 176 | 45 | | | | | | |
| | 100,600 | 2,434 | 103,034 | 94,624 | 322 | 94,946 | | 101,973 | 97,144 | | | | | | |

(Won) 1,949,633 (Won) 307,195 (Won) 2,256,828 (Won) 2,135,989 (Won) 320,048 (Won) 2,456,037 (Won) 1,904 (Won) 2,626,113 (Won) 3,078,048

37. AGREEMENT ON THE IMPLEMENTATION OF A MANAGEMENT IMPROVEMENT PLAN

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

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

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

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: March 31, 2009

By: /s/ Byung-Ho Park
(Signature)

Name: Byung-Ho Park
Title: Managing Director