

WOORI FINANCE HOLDINGS CO LTD
Form 20-F
June 30, 2004
Table of Contents

As filed with the Securities and Exchange Commission on June 30, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-15258

Woori Finance Holdings Co., Ltd.

(Exact name of Registrant as specified in its charter)

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

The Republic of Korea

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of
each
exchange
on which

registered

American Depositary Shares, each representing one share of Common Stock

New York Stock Exchange Inc.

Common Stock, par value (Won)5,000 per share

New York Stock Exchange Inc.*

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

775,504,910 shares of common stock, par value (Won)5,000 per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

*Not for trading, but only in connection with the registration of the American Depositary Shares.

Woori Finance Holdings has distributed printed copies of this Form 20-F to holders of its New York Stock Exchange-listed American Depositary Shares in lieu of distributing copies of its annual report in compliance with Rule 203.01 of the New York Stock Exchange listing manual.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Presentation of Financial and Other Information</u>	1
<u>Forward-Looking Statements</u>	2
Item 1. <u>Identity of Directors, Senior Managers and Advisers</u>	3
Item 2. <u>Offer Statistics and Expected Timetable</u>	3
Item 3. <u>Key Information</u>	3
<u>Item 3A. Selected Financial Data</u>	3
<u>Item 3B. Capitalization and Indebtedness</u>	12
<u>Item 3C. Reasons for the Offer and Use of Proceeds</u>	12
<u>Item 3D. Risk Factors</u>	12
Item 4. <u>Information on the Company</u>	35
<u>Item 4A. History and Development of the Company</u>	35
<u>Item 4B. Business Overview</u>	46
<u>Item 4C. Organizational Structure</u>	127
<u>Item 4D. Property, Plants and Equipment</u>	129
Item 5. <u>Operating and Financial Review and Prospects</u>	130
<u>Item 5A. Operating Results</u>	130
<u>Item 5B. Liquidity and Capital Resources</u>	160
<u>Item 5C. Research and Development, Patents and Licenses, etc.</u>	177
<u>Item 5D. Trend Information</u>	177
<u>Item 5E. Off-Balance Sheet Arrangements</u>	177
<u>Item 5F. Tabular Disclosure of Contractual Obligations</u>	178
Item 6. <u>Directors, Senior Management and Employees</u>	178
<u>Item 6A. Directors and Senior Management</u>	178
<u>Item 6B. Compensation</u>	180
<u>Item 6C. Board Practices</u>	180
<u>Item 6D. Employees</u>	184
<u>Item 6E. Share Ownership</u>	185
Item 7. <u>Major Stockholders and Related Party Transactions</u>	187
<u>Item 7A. Major Stockholders</u>	187
<u>Item 7B. Related Party Transactions</u>	188
<u>Item 7C. Interest of Experts and Counsel</u>	188
Item 8. <u>Financial Information</u>	188
<u>Item 8A. Consolidated Statements and Other Financial Information</u>	188
<u>Item 8B. Significant Changes</u>	190
Item 9. <u>The Offer and Listing</u>	190
<u>Item 9A. Offering and Listing Details.</u>	190
<u>Item 9B. Plan of Distribution</u>	191
<u>Item 9C. Markets</u>	192
<u>Item 9D. Selling Shareholders</u>	199
<u>Item 9E. Dilution</u>	199
<u>Item 9F. Expenses of the Issuer</u>	199
Item 10. <u>Additional Information</u>	199
<u>Item 10A. Share Capital</u>	199
<u>Item 10B. Memorandum and Articles of Association</u>	199
<u>Item 10C. Material Contracts</u>	205
<u>Item 10D. Exchange Controls</u>	205
<u>Item 10E. Taxation</u>	207
<u>Item 10F. Dividends and Paying Agents</u>	212
<u>Item 10G. Statements by Experts</u>	212

Table of Contents

	<u>Page</u>
	212
	212
Item 11.	213
Item 12.	245
Item 13.	245
Item 14.	246
Item 15.	246
	246
	246
	246
	247
Item 17.	247
Item 18.	247
Item 19.	248
<u>Signatures</u>	249
<u>Certification</u>	
<u>Certification</u>	

Table of Contents

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless indicated otherwise, the financial information in this annual report as of and for the years ended December 31, 2000, 2001, 2002 and 2003 has been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP.

The Korea Deposit Insurance Corporation, which we refer to as the KDIC, acquired 100% of the outstanding shares of Kyongnam Bank, Kwangju Bank and Woori Credit Card (formerly Peace Bank of Korea) effective December 29, 2000. The KDIC subsequently transferred these shares to Woori Finance Holdings on March 27, 2001. In November 2000, the KDIC established Woori Investment Bank (formerly Hanaro Merchant Bank) to restructure substantially all of the assets and liabilities of four failed merchant banks that the KDIC had previously acquired, which were transferred to Woori Investment Bank effective November 21, 2000. Accordingly, financial information in this annual report as of and for the year ended December 31, 2000 reflects the impact of those acquisitions under the purchase accounting method. Woori Investment Bank and Woori Credit Card were subsequently merged with Woori Bank effective August 1, 2003 and March 31, 2004, respectively. Under U.S. GAAP, Woori Bank is deemed the predecessor to Woori Finance Holdings for periods prior to March 27, 2001, the date on which the shares of Woori Bank held by the KDIC were transferred to Woori Finance Holdings.

In this annual report:

references to we, us or Woori Finance Holdings are to Woori Finance Holdings Co., Ltd. and, unless the context otherwise requires, its subsidiaries;

references to Korea or the Republic are to the Republic of Korea;

references to the government are to the government of the Republic of Korea;

references to Won or (Won) are to the currency of Korea; and

references to U.S. dollars, US dollars, \$ or US\$ are to United States dollars.

Discrepancies between totals and the sums of the amounts contained in any table may be as a result of rounding.

For your convenience, this document contains translations of Won amounts into U.S. dollars at the noon buying rate of the Federal Reserve Bank of New York for Won in effect on December 31, 2003, which was (Won)1,192.0 = US\$1.00.

Table of Contents

FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This annual report contains forward-looking statements.

Words such as aim, will likely result, will continue, contemplate, seek to, future, objective, goal, should, will pursue, anticipate, project, intend, plan, believe and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the risks related to our business discussed under Item 3D. Risk Factors, other factors could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to:

our ability to successfully implement our strategy;

our growth and expansion;

future levels of non-performing loans;

the adequacy of allowance for credit and investment losses;

technological changes;

interest rates;

availability of funding and liquidity;

our exposure to market risks; and

adverse market and regulatory conditions.

By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our income or results of operations could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this annual report could include, but are not limited to:

general economic and political conditions in Korea;

the monetary and interest rate policies of Korea;

inflation or deflation;

unanticipated volatility in interest rates;

foreign exchange rates;

prices and yields of equity and debt securities;

the performance of the financial markets in Korea and globally;

changes in domestic and foreign laws, regulations and taxes;

changes in competition and the pricing environments in Korea; and

regional or general changes in asset valuations.

For further discussion of the factors that could cause actual results to differ, see Item 3D. Risk Factors. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of

Table of Contents

this annual report. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGERS AND ADVISERS

Not applicable

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

Item 3. KEY INFORMATION

Item 3A. *Selected Financial Data*

Unless otherwise indicated, the selected consolidated financial and operating data set forth below as of and for the years ended December 31, 2000, 2001, 2002 and 2003 have been derived from our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP.

You should read the following data together with the more detailed information contained in Item 5. Operating and Financial Review and Prospects and our consolidated financial statements included elsewhere in this annual report. Historical results do not necessarily predict future results.

Table of Contents**Consolidated income statement data**

	Year ended December 31,				
	2000 ⁽¹⁾	2001	2002	2003	2003 ⁽²⁾
	(in billions of Won except per share data)				(in millions of US\$ except per share data)
Interest and dividend income	(Won) 5,919	(Won) 7,180	(Won) 6,950	(Won) 7,520	\$ 6,309
Interest expense	4,406	4,764	3,991	4,117	3,454
Net interest income	1,513	2,416	2,959	3,403	2,855
Provision for loan losses	1,434	1,114	1,247	2,313	1,941
Provision for guarantees and acceptances (reversal of provision) ⁽³⁾	(239)	(159)	106	201	169
Other provision ⁽⁴⁾	68	173	146	102	85
Non-interest income	736	1,046	1,784	1,435	1,204
Non-interest expense	1,736	2,080	2,579	2,636	2,212
Income tax expense	62	323	363	254	213
Minority interest income	3	4	6	4	3
Income (loss) from continuing operations	(815)	(73)	296	(672)	(564)
Income (loss) from discontinued operations ⁽⁵⁾	0	(59)	718		
Net income (loss)	(815)	(132)	1,014	(672)	(564)
Other comprehensive income (loss), net of tax	(89)	41	(182)	97	82
Comprehensive income (loss)	(Won) (904)	(Won) (91)	(Won) 832	(Won) (575)	\$ (482)
Per common share data:					
Net income (loss) per share basic	(1,120)	(182)	1,353	(871)	(1)
Income (loss) per share from continuing operations basic	(1,121)	(100)	395	(871)	(1)
Income (loss) per share from discontinued operations basic	1	(82)	958		
Weighted average common shares outstanding basic (in thousands)	727,459	727,459	749,383	771,724	771,724
Net income (loss) per share diluted ⁽⁶⁾	(1,120)	(182)	1,349	(871)	(1)
Income (loss) per share from continuing operations diluted	(1,121)	(100)	394	(871)	(1)
Income (loss) per share from discontinued operations diluted	1	(82)	955		
Weighted average common shares outstanding diluted (in thousands)	727,459	730,963	751,785	778,392	778,392
Cash dividends paid per share ⁽⁷⁾			(Won) 250	(Won) 100	\$ 0.08

⁽¹⁾ Because the acquisitions occurred toward the end of 2000, data for 2000 does not fully reflect the effects of our acquisitions of Woori Investment Bank, effective November 21, 2000, Kyongnam Bank, Kwangju Bank and Peace Bank of Korea, effective December 29, 2000, each of which was accounted for using the purchase method of accounting. See Item 5A. Operating Results Overview Acquisitions and Dispositions.

Edgar Filing: WOORI FINANCE HOLDINGS CO LTD - Form 20-F

- (2) Won amounts are expressed in U.S. dollars at the rate of (Won)1,192.0 to US\$1.00, the noon buying rate in effect on December 31, 2003 as quoted by the Federal Reserve Bank of New York in the United States.
- (3) The reversals of provisions in 2000 and 2001 resulted from subsequent changes in our estimation of losses related to our guarantees and acceptances. We determined in each of 2000 and 2001 that a portion of our allowances for losses on guarantees and acceptances were no longer needed, and accordingly reversed the related portions of the provisions we had initially allocated during those years. See Item 5A. Operating Results Results of Operations Provision for Loan Losses Comparison of 2001 to 2000.
- (4) Mainly consists of provisions relating to (a) repurchase obligations with respect to loans sold to the Korea Asset Management Corporation and (b) trade receivables.
- (5) Discontinued operations consisted of Hanvit Leasing and its three subsidiaries, which were sold in June and December 2002, and a subsidiary of Woori Investment Bank, which we entered into an agreement to sell in December 2002. See Note 29 of the notes to our consolidated financial statements.
- (6) In the diluted earnings per share calculation, our convertible bonds and warrants outstanding as of December 31, 2003 are assumed to have been converted into shares of our common stock. As of December 31, 2003, the exercise prices of all outstanding options to purchase our common stock were higher than their corresponding average market prices of our

Table of Contents

common stock. Accordingly, such options were excluded from the computation of diluted earnings per share. See Note 33 of the notes to our consolidated financial statements.

- (7) U.S. GAAP requires that dividends be recorded in the period in which they are declared rather than the period to which they relate unless those periods are the same. With respect to the 2002 fiscal year, we paid dividends in 2003 of (Won)250 per common share (\$0.21 per common share at the noon buying rate in effect on December 31, 2003) to our stockholders other than the KDIC. With respect to the 2003 fiscal year, we paid dividends in 2004 of (Won)100 per common share (\$0.08 per common share at the noon buying rate in effect on December 31, 2003) to our stockholders, including the KDIC. See Item 8A. Consolidated Statements and Other Financial Information Dividends.

Consolidated balance sheet data

	As of December 31,				
	2000	2001	2002	2003	2003 ⁽¹⁾
	(in billions of Won)				
	(in millions of US\$)				
Assets					
Cash and cash equivalents	(Won) 3,980	(Won) 3,508	(Won) 2,852	(Won) 2,550	\$ 2,140
Restricted cash	1,975	1,895	3,076	3,222	2,703
Interest-earning deposits in other banks	535	1,687	1,826	1,640	1,376
Call loans and securities purchased under resale agreements	2,132	3,573	629	1,127	946
Trading assets	3,505	4,130	3,790	4,291	3,600
Available-for-sale securities	8,233	8,820	10,846	12,408	10,409
Held-to-maturity securities (fair value of (Won)12,186 billion in 2000, (Won)11,799 billion in 2001 and (Won)10,448 billion in 2002 and (Won)10,143 billion (\$8,509 million) in 2003)	11,713	11,202	9,959	9,801	8,223
Other investment assets ⁽²⁾	532	911	731	793	665
Loans (net of allowance for loan losses of (Won)6,457 billion in 2000, (Won)4,323 billion in 2001 and (Won)3,770 billion in 2002 and (Won)2,834 billion (\$2,377 million) in 2003)	53,533	56,817	76,485	85,587	71,801
Due from customers on acceptances	1,898	569	461	421	353
Premises and equipment, net	2,321	2,195	2,249	2,151	1,804
Accrued interest and dividends receivable	693	694	672	747	626
Assets held for sale	1,539	1,207	240		
Goodwill				25	21
Other assets ⁽³⁾	4,846	3,475	3,227	2,850	2,391
Total assets	(Won) 97,435	(Won) 100,683	(Won) 117,043	(Won) 127,613	\$ 107,058
Liabilities					
Deposits					
Interest bearing	(Won) 60,988	(Won) 65,511	(Won) 75,190	(Won) 85,482	\$ 71,713
Non-interest bearing	4,537	3,582	3,408	3,521	2,954
Total deposits	65,525	69,093	78,598	89,003	74,667
Call money	214	503	804	412	346
Trading liabilities	321	148	322	473	397
Acceptances outstanding	1,898	569	461	421	353
Other borrowed funds	9,281	7,964	11,326	9,345	7,840

Edgar Filing: WOORI FINANCE HOLDINGS CO LTD - Form 20-F

Secured borrowings	4,207	4,914	4,756	4,321	3,625
Long-term debt	7,764	8,947	11,305	14,917	12,514
Accrued interest payable	1,652	1,548	1,528	1,618	1,357
Liabilities held for sale	2,727	1,584	152		
Other liabilities ⁽⁴⁾	4,451	3,074	3,555	3,218	2,700
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	98,040	98,344	112,807	123,728	103,799
Minority interest	30	31	279	229	192
Total stockholders equity (deficit)	(635)	2,308	3,957	3,656	3,067
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, minority interest and stockholders equity	(Won) 97,435	(Won) 100,683	(Won) 117,043	(Won) 127,613	\$ 107,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Table of Contents

- (1) Won amounts are expressed in U.S. dollars at the rate of (Won)1,192.0 to US\$1.00, the noon buying rate in effect on December 31, 2003 as quoted by the Federal Reserve Bank of New York in the United States.
- (2) For a description of other investment assets, see Note 10 of the notes to our consolidated financial statements.
- (3) For a description of other assets, see Note 16 of the notes of our consolidated financial statements.
- (4) For a description of other liabilities, see Note 21 of the notes to our consolidated financial statements.

Profitability ratios and other data

	Year ended December 31,			
	2000 ⁽¹⁾	2001	2002	2003
	(in billions of Won, except percentages)			
Return on average assets ⁽²⁾	(1.11)%	(0.14)%	0.95%	(0.56)%
Return on average equity ⁽³⁾	N/M	(61.68)	21.21	(17.17)
Net interest spread ⁽⁴⁾	1.83	2.65	2.93	2.88
Net interest margin ⁽⁵⁾	2.26	2.81	3.07	3.01
Cost-to-income ratio ⁽⁶⁾	77.19	60.08	54.37	54.49
Average stockholders' equity as a percentage of average total assets	(0.60)	0.23	4.47	3.25
Total revenue ⁽⁷⁾	(Won) 6,655	(Won)8,226	(Won) 8,734	(Won)8,955
Operating expense ⁽⁸⁾	6,142	6,844	6,570	6,753
Operating margin ⁽⁹⁾	513	1,382	2,164	2,202
Operating margin as a percentage of total revenue	7.71%	16.80%	24.78%	24.59%

- (1) Because the acquisitions occurred toward the end of 2000, data for 2000 does not fully reflect the effects of our acquisitions of Woori Investment Bank, effective November 21, 2000, Kyongnam Bank, Kwangju Bank and Peace Bank of Korea, effective December 29, 2000, each of which was accounted for using the purchase method of accounting. See Item 5A. Operating Results Overview Acquisitions and Dispositions.
- (2) Represents net income (loss) as a percentage of average total assets. Average balances are based on daily balances for all of our subsidiaries, except for Woori F&I, Woori CA Asset Management, Woori Finance Information System, Woori Credit Information and our special purpose companies, which are based on quarterly balances.
- (3) Represents net income (loss) as a percentage of average stockholders' equity. N/M = not meaningful.
- (4) Represents the difference between the yield on average interest earning assets and cost of average interest bearing liabilities.
- (5) Represents the ratio of net interest income to average interest earning assets.
- (6) Represents the ratio of non-interest expense to the sum of net interest income and non-interest income.
- (7) Total revenue represents interest and dividend income plus non-interest income.

The following table shows how total revenue is calculated:

	Year ended December 31,			
	2000	2001	2002	2003
	(in billions of Won)			
Interest and dividend income	(Won) 5,919	(Won) 7,180	(Won) 6,950	(Won) 7,520
Non-interest income	736	1,046	1,784	1,435

Total revenue	<u>(Won) 6,655</u>	<u>(Won) 8,226</u>	<u>(Won) 8,734</u>	<u>(Won) 8,955</u>
----------------------	--------------------	--------------------	--------------------	--------------------

⁽⁸⁾ Operating expense represents interest expense plus non-interest expense, excluding provisions of (Won)1,263 billion, (Won)1,128 billion, (Won)1,499 billion and (Won)2,616 billion for 2000, 2001, 2002 and 2003, respectively.

Table of Contents

The following table shows how operating expense is calculated:

	Year ended December 31,			
	2000	2001	2002	2003
	(in billions of Won)			
Interest expense	(Won) 4,406	(Won) 4,764	(Won) 3,991	(Won) 4,117
Non-interest expense	1,736	2,080	2,579	2,636
Operating expense	(Won) 6,142	(Won) 6,844	(Won) 6,570	(Won) 6,753

⁽⁹⁾ Operating margin represents total revenue less operating expenses.

Asset quality data

	As of December 31,			
	2000	2001	2002	2003
	(in billions of Won)			
Total loans	(Won) 60,086	(Won) 61,192	(Won) 80,226	(Won) 88,392
Total non-performing loans ⁽¹⁾	9,664	6,015	3,576	2,594
Other impaired loans not included in non-performing loans	2,483	3,435	3,143	1,861
Total non-performing loans and other impaired loans	12,147	9,450	6,719	4,455
Total allowance for loan losses	6,457	4,323	3,770	2,834
Non-performing loans as a percentage of total loans	16.08%	9.83%	4.46%	2.93%
Non-performing loans as a percentage of total assets	9.92	5.97	3.05	2.03
Total non-performing loans and other impaired loans as a percentage of total loans	20.22	15.44	8.37	5.04
Allowance for loan losses as a percentage of total loans	10.75	7.07	4.70	3.21

⁽¹⁾ Non-performing loans are defined as those loans that are classified as substandard or below based on the Financial Supervisory Commission's asset classification criteria. See Item 4B. Business Overview Assets and Liabilities Asset Quality of Loans Loan Classifications.

Table of Contents**Segment information under Korean GAAP**

The following table sets forth financial data under Korean GAAP as of or for the year ended December 31, 2003 for our business segments.

	<u>Woori Bank</u> ⁽¹⁾		<u>Kyongnam Bank</u>		<u>Kwangju Bank</u>		<u>Woori Credit Card</u> ⁽²⁾		<u>Other</u>		<u>Elimination</u> ⁽³⁾		<u>Total</u>	
	(in billions of Won)													
Interest and dividend income	(Won)	5,846	(Won)	654	(Won)	524	(Won)	576	(Won)	104	(Won)	(140)	(Won)	7,564
Interest expense		2,900		356		290		218		168		(90)		3,842
Net interest income		2,946		298		234		358		(64)		(50)		3,722
Provision for loan losses, guarantees and acceptances		808		128		95		1,650		16		(18)		2,679
Non-interest income		2,643		136		75		419		812		(659)		3,426
Non-interest expenses		3,255		246		174		325		405		(380)		4,025
Net non-interest income (loss)		(612)		(110)		(99)		94		407		(279)		(599)
Depreciation and amortization		73		5		7		2		109		17		213
Net income (loss) before tax		1,453		55		33		(1,200)		218		(328)		231
Income tax expense		105		(30)		(24)		121		7				179
Minority interest		2								2		(8)		(4)
Net income (loss) for the period under Korean GAAP		1,346		85		57		(1,321)		209		(320)		56
U.S. GAAP adjustments		(462)		(17)		21		(10)		(236)		(24)		(728)
Consolidated net income (loss)	(Won)	884	(Won)	68	(Won)	78	(Won)	(1,331)	(Won)	(27)	(Won)	(344)	(Won)	(672)
Segments total assets under Korean GAAP		105,333		11,045		8,789		2,462		9,434		(8,295)		128,768
U.S. GAAP adjustments		(1,820)		(112)		(31)		1,587		1,912		(2,691)		(1,155)
	(Won)	103,513	(Won)	10,933	(Won)	8,758	(Won)	4,049	(Won)	11,346	(Won)	(10,986)	(Won)	127,613

**Segments total
assets**

-
- (1) As adjusted for the merger of Woori Investment Bank, which occurred in August 2003.
 - (2) In March 2003, we transferred the credit card operations of Kwangju Bank to Woori Credit Card. We merged Woori Credit Card with Woori Bank in March 2004.
 - (3) Includes eliminations for consolidation, intersegment transactions and certain differences in classification under the management reporting system.

Table of Contents**Selected Financial Information***Average Balance Sheets and Related Interest*

The following tables show our average balances and interest rates for 2001, 2002 and 2003.

	Year ended December 31,									
	2001			2002			2003			
	Average Balance ⁽¹⁾	Interest Income ⁽²⁾⁽³⁾	Average Yield	Average Balance ⁽¹⁾	Interest Income ⁽²⁾⁽³⁾	Average Yield	Average Balance ⁽¹⁾	Interest Income ⁽²⁾⁽³⁾	Average Yield	
	(in billions of Won)									
Assets										
Interest-earning deposits in other banks	(Won) 2,639	(Won) 123	4.66%	(Won) 2,058	(Won) 86	4.18%	(Won) 2,161	(Won) 73	3.38%	
Call loans and securities purchased under resale agreements	1,537	63	4.10	1,267	42	3.31	1,507	45	2.99	
Trading securities ⁽⁴⁾	3,781	235	6.22	4,062	215	5.29	3,950	202	5.11	
Investment securities ⁽⁴⁾	18,846	1,560	8.28	18,481	1,458	7.89	20,465	1,378	6.73	
Loans										
Commercial and industrial	28,516	2,226	7.81	32,401	2,081	6.42	39,420	2,466	6.26	
Lease financing	587	40	6.81	432	18	4.17	223	12	5.38	
Trade financing	6,306	555	8.80	5,962	366	6.14	6,828	321	4.70	
Other commercial	7,722	738	9.56	5,466	403	7.37	4,889	356	7.28	
General purpose household ⁽⁵⁾	11,659	986	8.46	20,799	1,523	7.32	26,874	1,814	6.75	
Mortgage	1,119	97	8.67	1,713	123	7.18	3,066	196	6.39	
Credit cards ⁽³⁾	3,294	557	16.91	3,844	635	16.52	3,567	657	18.42	
Total loans ⁽⁶⁾	59,203	5,199	8.78	70,617	5,149	7.29	84,867	5,822	6.86	
Total average interest-earning assets										
Cash and cash equivalents	2,755			3,165			3,818			
Foreign exchange contracts and derivatives	168			262			403			
Premises and equipment	2,599			2,316			2,171			
Due from customers on acceptance	2,533			1,287			426			
Allowance for loan losses	(4,806)			(4,374)			(3,209)			
Other non-interest-earning assets ⁽⁷⁾	4,662			7,908			4,034			
Total average non-interest-earning assets	7,911			10,564			7,643			

Edgar Filing: WOORI FINANCE HOLDINGS CO LTD - Form 20-F

Total average assets	(Won) 93,917	(Won) 7,180	7.65%	(Won) 107,049	(Won) 6,950	6.49%	(Won) 120,593	(Won) 7,520	6.24%
-----------------------------	--------------	-------------	-------	---------------	-------------	-------	---------------	-------------	-------

Table of Contents

Year ended December 31,

	2001			2002			2003		
	Average Balance ⁽¹⁾	Interest Expense	Average Cost	Average Balance ⁽¹⁾	Interest Expense	Average Cost	Average Balance ⁽¹⁾	Interest Expense	Average Cost
(in billions of Won)									
Liabilities									
Interest bearing liabilities									
Deposits									
Demand deposits	(Won) 15,208	(Won) 285	1.87%	(Won) 18,862	(Won) 216	1.15%	(Won) 20,443	(Won) 136	0.67%
Savings deposits	6,098	260	4.26	7,514	278	3.70	9,178	294	3.20
Certificate of deposit accounts	1,327	85	6.41	626	30	4.79	1,716	75	4.37
Other time deposits	38,789	2,565	6.61	41,296	2,104	5.09	48,159	2,178	4.52
Mutual installment deposits	755	59	7.81	944	72	7.63	959	60	6.26
Total deposits	62,177	3,254	5.23	69,242	&nb				