

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

August 16, 2010

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**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 August 2010  
Woori Finance Holdings Co., Ltd.**

(Translation of Registrant's name into English)  
203, Hoehyon-dong, 1-ga, Chung-gu, Seoul, Korea 100-792  
(Address of principal executive offices)

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

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

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

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

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

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**Summary of 2010 First Half Business Report**

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**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.**

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**I. Company Overview**

**1. Purpose of the Company**

**a. Scope of Business**

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

1. Funding for the affiliate companies (including direct and indirect subsidiaries, the Affiliates );
2. Capital investment in subsidiaries or procurement of funds for the Affiliates; and
3. 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) Bank Subsidiaries (Woori Bank, Kwangju Bank and Kyongnam Bank):

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

(2) Woori Investment & Securities: businesses authorized under the Financial Investment Services and Capital Markets Act and related laws and regulations.

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- (3) Woori Aviva Life Insurance: life insurance and other insurance activities and other business activities permitted under the Insurance Business Act.
- (4) Woori Asset Management: asset management business.
- (5) Woori Financial: consumer finance business.
- (6) Woori Finance Information System: finance-related IT services.
- (7) Woori F&I: securitization business.
- (8) Woori Private Equity: private equity business.

**2. History of the Company**

**a. Company History**

- (1) Background: Major developments.

|                   |   |
|-------------------|---|
| 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 <sup>nd</sup> tier subsidiary to 1 <sup>st</sup> tier subsidiary   |
| May 31, 2005      | Woori Investment Trust Management and LG Investment Trust Management merged (the name of the surviving entity, LG Investment Trust Management, changed to Woori Asset Management) |
| August 3, 2005    | Dissolution of Woori LB Second Asset Securitization Specialty Co., Ltd.   |



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|                    |  |
|--------------------|--|
| September 5, 2005  | Woori Asset Management becomes a wholly-owned subsidiary through capital reduction and cancellation  |
| October 21, 2005   | Woori Private Equity is established and incorporated as a subsidiary   |
| October 27, 2005   | Closure of strategic investment agreement with Lehman Brothers   |
| February 23, 2006  | Joint venture arrangement between Woori CA Asset Management, a 2 <sup>nd</sup> tier subsidiary, and Japan's Shinsei Bank (involving a transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank)      |
| April 11, 2006     | Joint venture agreement to transfer 30% of the shares of Woori Asset Management to Credit Suisse Asset Management International Holdings, a wholly owned subsidiary of Credit Suisse.  |
| May 30, 2006       | Upon the 30% share transfer to Credit Suisse Asset Management International Holdings, Woori Asset Management was renamed Woori Credit Suisse Asset Management.   |
| 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  |
| April 29, 2009     | Termination of joint venture with Credit Suisse regarding Woori Credit Suisse Asset Management. Renamed Woori Asset Management (May 30, 2009)  |
| October 28, 2009   | Acquired the remaining 30% equity stake in Woori Credit Suisse Asset Management from Credit Suisse Asset Management International Holding and completed the establishment of Woori Asset Management as our wholly-owned subsidiary |

**Table of Contents****b. Associated Business Group**

- (1) Overview of Business Group
  1. **Name of business group:** Woori Financial Group
- (2) Related companies within the business group

As of June 30, 2010

| Type                              | Name of Company   | Controlling Company                 | Notes        |
|-----------------------------------|---|-------------------------------------|--------------|
| Holding Company                   | Woori Finance Holdings  | Korea Deposit Insurance Corporation | 1 company    |
| 1 <sup>st</sup> Tier Subsidiaries | Woori Bank  | Woori Finance Holdings              | 10 companies |
|                                   | Kwangju Bank  |                                     |              |
|                                   | Kyongnam Bank   |                                     |              |
|                                   | Woori Finance Information System                              |                                     |              |
|                                   | Woori F & I   |                                     |              |
|                                   | Woori Asset Management  |                                     |              |
|                                   | Woori Investment & Securities                                 |                                     |              |
|                                   | Woori Private Equity  |                                     |              |
|                                   | Woori Financial   |                                     |              |
| 2 <sup>nd</sup> Tier Subsidiaries | Woori Aviva Life Insurance                                    |                                     |              |
|                                   | Woori Credit Information                                      | Woori Bank                          | 44 companies |
|                                   | 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 AMC   | Woori F&I                           |              |
|                                   | 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 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 F&I Eleventh Asset Securitization Specialty Co., Ltd.   |                                     |              |
|                                   | Woori F&I Thirteenth Asset Securitization Specialty Co., Ltd. |                                     |              |
|                                   | Woori F&I Fourteenth Asset Securitization Specialty Co., Ltd. |                                     |              |

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|   |                                  |
|---|----------------------------------|
| Woori F&I Fifteenth Asset Securitization<br>Specialty Co., Ltd. |                                  |
| Woori F&I Sixteenth Asset Securitization<br>Specialty Co., Ltd. |                                  |
| Woori EA Third Asset Securitization Specialty<br>Co., Ltd.      |                                  |
| Woori EA Fourth Asset Securitization Specialty<br>Co., Ltd.     |                                  |
| Woori EA Fifth Asset Securitization Specialty<br>Co., Ltd.      |                                  |
| Woori Private Equity Fund                                       | Woori Private Equity             |
| Woori Blackstone Korea Opportunity Private<br>Equity Fund No.1  |                                  |
| Woori Futures   | Woori Investment &<br>Securities |
| 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.                                 |                                  |
| Mars Private Equity Fund No. 3                                  |                                  |
| Mars Private Equity Fund No. 4                                  |                                  |
| Woori Absolute Partners PTE, Ltd.                               |                                  |
| Woori Absolute Global Opportunity Fund                          |                                  |
| Woori Korindo Securities Indonesia                              |                                  |
| High Technology Venture Investment                              |                                  |
| Global Technology Investment                                    |                                  |
| LG Investment Holdings B.V. GG                                  |                                  |
| Connacht Capital Market Investment Ltd.                         |                                  |
| Bien Viet Securities Joint Stock Company                        |                                  |
| Brim Asian Credit Fund  |                                  |
| Woori Absolute Return Investment Strategies                     |                                  |

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- \* Woori Finance Holdings, Woori Investment & Securities and Woori Financial are listed on the KRX KOSPI Market.
  
- \* On March 5, 2007, Mars Private Equity Fund No. 2, with KRW 31,500 million paid-in-capital, was included as our 2<sup>nd</sup> 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 2<sup>nd</sup> 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  
2<sup>nd</sup> tier  
subsidiary.  
Woori F&I Co.,  
Ltd. owns 100%  
of its equity.

\* On  
September 14,  
2007, Hanmi  
Capital was  
included as our  
1<sup>st</sup> 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  
2<sup>nd</sup> 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 2<sup>nd</sup> tier subsidiary. Woori Bank owns a 100% stake in Woori Bank (China) Limited.

\* On November 22, 2007, ZAO Woori Bank was included as our 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.

\* On April 4, 2008, LIG Life Insurance was included as our 1<sup>st</sup> tier

subsidiary (LIG  
Life Insurance  
was renamed  
Woori Aviva  
Life Insurance  
as of April 1,  
2008).



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- \* On May 14, 2008, Mars Private Equity Fund No. 4, with an expected paid-in-capital of KRW 51 billion, was included as our 2<sup>nd</sup> 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 2<sup>nd</sup> tier subsidiary.
  
- \* On June 27, 2008, Woori SB Tenth Asset Securitization Specialty Co., Ltd. was included as our

2<sup>nd</sup> tier subsidiary. Woori F&I owns a stake of 50% plus one share in the company.

\* On July 21, 2008, Woori Absolute Global Opportunity Fund, an offshore financial company wholly-owned by Woori Investment & Securities, was included as our 2<sup>nd</sup> tier subsidiary.

\* On September 9, 2008, Woori F&I Ninth Asset Securitization Specialty Co., Ltd. was included as our 2<sup>nd</sup> tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.

\* On March 3, 2009, PT Clemont Securities Indonesia was included as our 2<sup>nd</sup> 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 2<sup>nd</sup> tier subsidiary. Woori F&I Co., Ltd. owns 100% of its equity.
  
- \* On July 24, 2009, Woori F&I Twelfth Asset Securitization Specialty Co., Ltd. was removed as our 2<sup>nd</sup> tier subsidiary following the sale of Woori F&I's equity stake in Woori F&I Twelfth Asset Securitization Specialty Co., Ltd.
  
- \* On August 31, 2009, Woori F&I Thirteenth Asset Securitization Specialty Co., Ltd. was included as our 2<sup>nd</sup> tier subsidiary.
  
- \* On September 28, 2009, Bien Viet

Securities Joint  
Stock Company  
was included as  
our 2<sup>nd</sup> tier  
subsidiary.

Woori  
Investment &  
Securities owns  
a 49% stake in  
Bien Viet  
Securities Joint  
Stock Company.

\* On October 15,  
2009, we  
acquired an  
additional  
2.41% of  
common shares  
of Woori  
Financial, and  
our  
shareholding is  
currently  
52.52%.

\* On October 28,  
2009, Woori  
Asset  
Management  
became our  
wholly-owned  
subsidiary  
following our  
acquisition of  
Credit Suisse's  
30% interest in  
Woori Asset  
Management.

\* High  
Technology  
Venture  
Investment,  
Global  
Technology  
Investment, LG  
Investment  
Holdings B.V.  
GG and  
Connacht

Capital Market  
Investment,  
which are  
offshore finance  
companies and  
subsidiaries of  
Woori  
Investment &  
Securities, are  
currently  
undergoing  
liquidation or  
other change of  
control-related  
proceedings.  
Due to an  
expansion in the  
types of entities  
that are  
considered 2<sup>nd</sup>  
tier subsidiaries  
of financial  
holding  
companies,  
these entities  
became our 2<sup>nd</sup>  
tier subsidiaries.

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- \* On December 28, 2009, Woori SB Asset Management changed its name to Woori AMC and became a wholly-owned subsidiary of Woori F&I following the termination of its joint venture with Shinsei Bank.
  
- \* On December 30, 2009, Woori Third Asset Securitization Specialty Co., Ltd. was dissolved and removed from our list of subsidiaries.
  
- \* On February 15, 2010, Woori Investment & Securities sold 100% of its investment stake in Woori Absolute Asia Multi Strategy Fund, an offshore financial company that was wholly-owned by Woori Investment & Securities prior

to such sale.

- \* On March 8, 2010, Woori F&I Fourteenth Asset Securitization Specialty Co., Ltd. was included as our 2<sup>nd</sup> tier subsidiary.
- \* On May 20, 2010, Woori Absolute Return Investment Strategies, an offshore financial company wholly-owned by Woori Investment & Securities, was included as our 2<sup>nd</sup> tier subsidiary.
- \* On June 10, 2010, Woori F&I Fifteenth Asset Securitization Specialty Co., Ltd. and Woori F&I Sixteenth Asset Securitization Specialty Co., Ltd., which are wholly-owned by Woori F&I, were included as our 2<sup>nd</sup> tier subsidiaries.
- \* On June 18, 2010, Woori EA Third Asset Securitization

Specialty Co.,  
Ltd., a 70%  
owned  
subsidiary of  
Woori F&I, was  
included as our  
2<sup>nd</sup> tier  
subsidiary.

\* On June 28,  
2010, Woori Ea  
Fourth Asset  
Securitization  
Specialty Co.,  
Ltd., a 70%  
owned  
subsidiary of  
Woori F&I, was  
included as our  
2<sup>nd</sup> tier  
subsidiary.

\* On June 29,  
2010, Woori Ea  
Fifth Asset  
Securitization  
Specialty Co.,  
Ltd., a 70%  
owned  
subsidiary of  
Woori F&I, was  
included as our  
2<sup>nd</sup> tier  
subsidiary.



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

(units: Won, shares)

| Date       | Category                         | Type   | Quantity    | Stock Decrease/Increase |  | Issue price | Note  |
|------------|----------------------------------|--------|-------------|-------------------------|--|-------------|---|
|            |                                  |        |             | Par Value               |  |             |   |
| 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. Convertible Bonds**

Not applicable

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

As of June 30, 2010 (unit: 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. Treasury Stock**

As of June 30, 2010 (unit: shares)

**Acquisition**

| Method   | Type of Stock | Beg.  | Acquired | Disposal | Canceled | End   | Remarks |
|--|---------------|-------|----------|----------|----------|-------|---------|
| Direct purchase under Sub-section 1, section 165-2                           | Common        |       |          |          |          |       |         |
| Direct purchase other than the conditions under Sub-section 1, section 165-2 | 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.

**5. Voting Rights**

As of June 30, 2010 (unit: 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 |             |

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

(Non-consolidated)

(unit: Won)

| <b>Items</b>                            | <b>2009</b> | <b>2008</b>                       | <b>2007</b> |
|---|-------------|-----------------------------------|-------------|
| Par value per share (Won)               | 5,000       | 5,000                             | 5,000       |
| Net profit (Won in Millions)            | 1,026,024   | 454,478                           | 1,943,560   |
| Earnings per share (Won)                | 1,273       | 564                               | 2,411       |
| Total cash payout (Won in Millions)     | 80,601      |                                   | 201,503     |
| Total stock dividends (Won in Millions) |             |                                   |             |
| Cash dividend payout ratio (%)          | 7.86        |                                   | 10.37       |
| Cash dividend yield (%)                 |             | Common Shares<br>Preferred Shares | 1.3         |
| Stock dividend yield (%)                |             | Common Shares<br>Preferred Shares |             |
| Cash dividend per share (Won)           |             | Common Shares<br>Preferred Shares | 250         |
| Stock dividend per share (Won)          |             | Common Shares<br>Preferred Shares |             |

**Table of Contents**

**II. Description of Business**

**1. Business Overview**

**a. Organizational Chart**

(As of July 12, 2010)

**Table of Contents****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

(unit: in millions of Won)

| <b>Items</b>        | <b>2010 1H</b> | <b>2009</b> | <b>2008</b> |
|---------------------|----------------|-------------|-------------|
| Shareholders Equity | 13,918,759     | 13,720,923  | 12,207,338  |
| Capital             | 4,030,077      | 4,030,077   | 4,030,077   |
| Capital Surplus     | 159,610        | 179,488     | 186,959     |
| Retained Earnings   | 8,800,332      | 8,346,186   | 7,323,148   |
| Capital Adjustments | 928,740        | 1,165,172   | 667,154     |
| Borrowings          | 3,898,453      | 3,824,205   | 3,412,854   |
| Debtentures         | 3,744,934      | 3,744,156   | 3,393,702   |
| Bank Borrowings     |                | 60,000      |             |
| Commercial Paper    |                |             |             |
| Other Borrowings    |                |             |             |
| Other Liabilities   | 153,519        | 20,049      | 19,152      |
| Total               | 17,817,212     | 17,545,128  | 15,620,192  |

\* The figures in the table above reflect our adoption of Statements of Korea Accounting Standard No. 15 ( Equity method accounting ).

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## (2) Use of Funds

(unit: in millions of Won)

| <b>Items</b>                       | <b>2010 1H</b>    | <b>2009</b>       | <b>2008</b>       |
|------------------------------------|-------------------|-------------------|-------------------|
| Subsidiary Stock                   | 17,410,200        | 17,350,078        | 15,285,356        |
| Woori Bank                         | 13,611,331        | 13,621,824        | 11,900,128        |
| Kyongnam Bank                      | 1,446,839         | 1,443,661         | 1,245,318         |
| Kwangju Bank                       | 1,028,207         | 976,284           | 920,938           |
| Woori Financial Information System | 17,921            | 15,013            | 13,076            |
| Woori F&I                          | 171,141           | 166,563           | 139,999           |
| Woori Investment & Securities      | 790,589           | 754,782           | 709,114           |
| Woori Asset Management             | 60,490            | 67,456            | 41,296            |
| Woori Private Equity               | 25,027            | 24,246            | 12,844            |
| Woori Financial                    | 190,690           | 207,346           | 228,456           |
| Woori Aviva Life Insurance         | 67,965            | 72,903            | 74,187            |
| Investment Securities              |                   |                   |                   |
| Loan Obligations                   | 99,500            | 139,300           | 169,150           |
| Tangible Assets                    | 342               | 415               | 566               |
| Intangible Assets                  | 24                | 8                 | 14                |
| Cash                               | 194,870           | 23,267            | 119,350           |
| Other Assets                       | 112,276           | 32,060            | 45,756            |
| <b>Total</b>                       | <b>17,817,212</b> | <b>17,545,128</b> | <b>15,620,192</b> |

\* The figures in the table above reflect our adoption of Statements of Korea Accounting Standard No. 15 ( Equity method accounting ).

**c. Transactions related to Commission Fees**

(unit: in millions of Won)

| <b>Category</b>         | <b>2010 1H</b> | <b>2009</b> | <b>2008</b> |
|-------------------------|----------------|-------------|-------------|
| Commission Revenue (A)  |                |             |             |
| Commission Expense (B)  | 2,136          | 7,001       | 7,119       |
| Commission Profit (A-B) | (2,136)        | (7,001)     | (7,119)     |

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

(unit: in millions of Won)

| Items                    | 2010 1H     | 2009        | 2008        | 2007        |
|--------------------------|-------------|-------------|-------------|-------------|
| Total Capital (A)        | 24,840,468  | 24,824,094  | 22,436,482  | 20,102,976  |
| Risk weighted assets (B) | 203,024,237 | 200,954,776 | 206,606,315 | 174,367,585 |
| BIS Ratio (A/B)          | 12.24%      | 12.35%      | 10.86%      | 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 |
|----------------|----------------------|---------------|-------------------------|---------------------|
| 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     | Debentures           | AAA           | NICE (AAA ~ D)          | Case evaluation     |
| 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     |
| 2008.12.02     | Debentures           | AAA           | KIS Ratings (AAA ~ D)   | Case evaluation     |
| 2008.12.02     | Debentures           | AAA           | Korea Ratings (AAA ~ D) | Case evaluation     |
| 2009.03.13     | Debentures           | AAA           | Korea Ratings (AAA ~ D) | Case evaluation     |
| 2009.03.13     | Debentures           | AAA           | NICE (AAA ~ D)          | Case evaluation     |
| 2009.06.30     | Debentures           | AAA           | NICE (AAA ~ D)          | Case evaluation     |
| 2009.06.30     | Debentures           | AAA           | Korea Ratings (AAA ~ D) | Case evaluation     |
| 2009.11.05     | Debentures           | AAA           | Korea Ratings (AAA ~ D) | Case evaluation     |
| 2009.11.05     | Debentures           | AAA           | KIS Ratings (AAA ~ D)   | Case evaluation     |
| 2010.05.10     | Debentures           | AAA           | Korea Ratings (AAA ~ D) | Case evaluation     |
| 2010.05.10     | Debentures           | AAA           | KIS Ratings (AAA ~ D)   | Case evaluation     |
| 2010.07.23     | Debentures           | AAA           | Korea Ratings (AAA ~ D) | Case evaluation     |
| 2010.07.23     | Debentures           | AAA           | KIS Ratings (AAA ~ D)   | Case evaluation     |

**c. Won-denominated Current Ratio**

(unit: in millions of Won)

| Items                   | 2010 1H   | 2009    | 2008    | 2007    |
|-------------------------|-----------|---------|---------|---------|
| Current Assets (A)      | 195,041   | 23,682  | 119,566 | 32,874  |
| Current Liabilities (B) | 7,329     | 8,995   | 18,376  | 12,207  |
| Current Ratio* (A/B)    | 2,661.22% | 263.29% | 650.66% | 269.30% |

\* Beginning in 2009,  
current ratio is



calculated as the ratio  
of

(i) Won-denominated  
assets with maturity of  
less than 1 month and

(ii) Won-denominated  
liabilities with  
maturity of less than 1  
month. Prior to 2009,  
current ratio was  
calculated as the ratio  
of

(i) Won-denominated  
assets with maturity of  
less than 3 months and

(ii) Won-denominated  
liabilities with  
maturity of less than 3  
months.

**Table of Contents****d. Debt Ratio**

(unit: in millions of Won)

| Items            | 2010 1H    | 2009       | 2008       | 2007          |
|------------------|------------|------------|------------|---------------|
| Liabilities (A)  | 3,898,453  | 3,824,205  | 3,412,854  | 2,129,288     |
| Equity (B)       | 13,918,759 | 13,720,923 | 12,207,338 | (*)13,062,368 |
| Debt Ratio (A/B) | 28.01%     | 27.87%     | 27.96%     | 16.30%        |

The figures in the table above 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.

**e. 30 Largest Exposures by Borrower**

(As of June 30, 2010)

(unit: in billions of Won)

| Name                             | Total Credit Exposure | Normal | Pre-cautionary | Sub-standard | Doubtful | Estimated Loss | Securities | Total Exposure |
|----------------------------------|-----------------------|--------|----------------|--------------|----------|----------------|------------|----------------|
| Industrial Bank of Korea         | 0                     | 0      | 0              | 0            | 0        | 0              | 1,967      | 1,967          |
| Kookmin Bank                     | 99                    | 99     | 0              | 0            | 0        | 0              | 1,526      | 1,625          |
| Korea Development Bank           | 37                    | 37     | 0              | 0            | 0        | 0              | 1,495      | 1,532          |
| Samsung Electronics              | 1,364                 | 1,364  | 0              | 0            | 0        | 0              | 13         | 1,377          |
| SH Corporation                   | 1,130                 | 1,130  | 0              | 0            | 0        | 0              | 120        | 1,249          |
| Seoul Metropolitan Government    | 1,135                 | 1,135  | 0              | 0            | 0        | 0              | 0          | 1,135          |
| Samsung Heavy Industries         | 1,033                 | 1,033  | 0              | 0            | 0        | 0              | 8          | 1,040          |
| Korea Land & Housing Corporation | 30                    | 30     | 0              | 0            | 0        | 0              | 988        | 1,018          |
| STX Shipbuilding                 | 998                   | 998    | 0              | 0            | 0        | 0              | 0          | 998            |
| Hynix                            | 252                   | 252    | 0              | 0            | 0        | 0              | 693        | 945            |
| Hyundai Steel                    | 767                   | 767    | 0              | 0            | 0        | 0              | 136        | 903            |

|   |     |     |     |     |   |   |     |     |
|---|-----|-----|-----|-----|---|---|-----|-----|
| Sungdong<br>Shipbuilding &<br>Marine                  | 899 | 422 | 477 | 0   | 0 | 0 | 0   | 899 |
| National<br>Agricultural<br>Cooperative<br>Federation | 33  | 33  | 0   | 0   | 0 | 0 | 766 | 799 |
| Hyundai Heavy<br>Industries                           | 729 | 729 | 0   | 0   | 0 | 0 | 36  | 765 |
| LG Chemical   | 697 | 697 | 0   | 0   | 0 | 0 | 4   | 702 |
| Hyundai E&C   | 207 | 207 | 0   | 0   | 0 | 0 | 477 | 684 |
| Korea Housing<br>Finance<br>Corporation               | 0   | 0   | 0   | 0   | 0 | 0 | 676 | 676 |
| SLS Shipbuilding                                      | 604 | 591 | 0   | 13  | 0 | 0 | 0   | 604 |
| Shinhan Bank  | 0   | 0   | 0   | 0   | 0 | 0 | 599 | 599 |
| Kumho Tire  | 591 | 38  | 0   | 553 | 0 | 0 | 0   | 591 |

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| <b>Name</b>                       | <b>Total<br/>Credit<br/>Exposure</b> | <b>Normal</b> | <b>Pre-<br/>cautionary</b> | <b>Sub-<br/>standard</b> | <b>Doubtful</b> | <b>Estimated<br/>Loss</b> | <b>Securities</b> | <b>Total<br/>Exposure</b> |
|-----------------------------------|--------------------------------------|---------------|----------------------------|--------------------------|-----------------|---------------------------|-------------------|---------------------------|
| Kumho Industrial<br>Daewoo        | 415                                  | 0             | 0                          | 415                      | 0               | 0                         | 84                | 499                       |
| International                     | 425                                  | 425           | 0                          | 0                        | 0               | 0                         | 54                | 479                       |
| SPP Shipbuilding                  | 473                                  | 99            | 374                        | 0                        | 0               | 0                         | 0                 | 473                       |
| Hyundai Samho<br>Heavy Industries | 469                                  | 469           | 0                          | 0                        | 0               | 0                         | 0                 | 469                       |
| Hyosung                           | 451                                  | 451           | 0                          | 0                        | 0               | 0                         | 0                 | 451                       |
| STX                               | 401                                  | 401           | 0                          | 0                        | 0               | 0                         | 25                | 426                       |
| Amkor Technology                  | 425                                  | 425           | 0                          | 0                        | 0               | 0                         | 0                 | 425                       |
| PI Investment                     | 400                                  | 42            | 0                          | 357                      | 0               | 0                         | 0                 | 400                       |
| Hyundai Mipo<br>Dockyard          | 392                                  | 392           | 0                          | 0                        | 0               | 0                         | 0                 | 393                       |
| Kumho<br>Petrochemical            | 389                                  | 92            | 298                        | 0                        | 0               | 0                         | 0                 | 389                       |
| <b>Total</b>                      | <b>14,843</b>                        | <b>12,356</b> | <b>1,149</b>               | <b>1,338</b>             | <b>0</b>        | <b>0</b>                  | <b>9,668</b>      | <b>24,511</b>             |

**Table of Contents****f. 20 Largest Loan Exposures Classified as Sub-Standard or Below by Borrower**

(As of June 30, 2010)

(unit: in billions of Won)

| Name             | Total<br>Loans | Pre-<br>Normal | Sub-<br>cautionary | Sub-<br>standard | Estimated<br>Doubtful | Loss       | Sub-standard Loan |                 | Collateral | Coverage<br>Ratio |
|------------------|----------------|----------------|--------------------|------------------|-----------------------|------------|-------------------|-----------------|------------|-------------------|
|                  |                |                |                    |                  |                       |            | or<br>below       | Loss<br>Reserve |            |                   |
| Kumho Tires      | 591            | 38             | 0                  | 553              | 0                     | 0          | 553               | 167             | 126        | 49.5%             |
| Kumho Industrial | 415            | 0              | 0                  | 415              | 0                     | 0          | 415               | 82              | 375        | 110.0%            |
| PI Investment    | 400            | 42             | 0                  | 357              | 0                     | 0          | 357               | 175             | 44         | 54.9%             |
| Poonglim         |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Industrial       | 310            | 5              | 0                  | 305              | 0                     | 0          | 305               | 61              | 119        | 58.1%             |
| Orient Shipyard  | 241            | 5              | 0                  | 15               | 0                     | 222        | 237               | 167             | 5          | 71.1%             |
| Daewoo Motor     |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Sales            | 186            | 0              | 0                  | 186              | 0                     | 0          | 186               | 37              | 78         | 61.9%             |
| KSID             | 185            | 0              | 0                  | 185              | 0                     | 0          | 185               | 41              | 0          | 22.0%             |
| Byucksan E&C     | 119            | 0              | 0                  | 119              | 0                     | 0          | 119               | 23              | 100        | 103.2%            |
| Hanwori World    |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Resort           | 105            | 0              | 0                  | 105              | 0                     | 0          | 105               | 51              | 0          | 49.0%             |
| 21st Century     |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Shipbuilding     | 103            | 2              | 0                  | 101              | 0                     | 0          | 101               | 33              | 39         | 69.6%             |
| Pi City          | 100            | 0              | 0                  | 100              | 0                     | 0          | 100               | 20              | 0          | 20.0%             |
| KD Preya PFV     | 100            | 0              | 0                  | 100              | 0                     | 0          | 100               | 20              | 0          | 20.0%             |
| Singok SPC       | 100            | 0              | 0                  | 100              | 0                     | 0          | 100               | 40              | 0          | 40.0%             |
| Dukwon           |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Construction     | 79             | 0              | 0                  | 79               | 0                     | 0          | 79                | 39              | 0          | 49.0%             |
| Hyundai Cement   | 79             | 1              | 0                  | 79               | 0                     | 0          | 79                | 16              | 0          | 19.9%             |
| SAMT             | 80             | 6              | 0                  | 74               | 0                     | 0          | 74                | 34              | 6          | 50.3%             |
| Sungwoo          |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Construction     | 65             | 0              | 0                  | 65               | 0                     | 0          | 65                | 18              | 0          | 27.2%             |
| KFD Urban        |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Development      | 63             | 0              | 0                  | 63               | 0                     | 0          | 63                | 13              | 0          | 20.0%             |
| Samho            | 63             | 0              | 0                  | 63               | 0                     | 0          | 63                | 31              | 0          | 4.09%             |
| KAMCO Value      |                |                |                    |                  |                       |            |                   |                 |            |                   |
| Creation 1st SPC | 56             | 0              | 0                  | 56               | 0                     | 0          | 56                | 27              | 0          | 49.0%             |
| <b>Total</b>     | <b>3,441</b>   | <b>99</b>      | <b>0</b>           | <b>3,120</b>     | <b>0</b>              | <b>222</b> | <b>3,342</b>      | <b>1,095</b>    | <b>891</b> | <b>57.7%</b>      |

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

(unit: in millions of Won, except per share amounts)

| <b>Items</b>                      | <b>2010 1H</b>    | <b>2009</b>       | <b>2008</b>       | <b>2007</b>       | <b>2006</b>       |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and Due from Banks           | 194,870           | 23,267            | 119,350           | 32,502            | 89,724            |
| Securities                        | 17,410,200        | 17,350,078        | 15,285,356        | 15,062,711        | 13,591,413        |
| Loans                             | 99,500            | 139,300           | 169,150           | 0                 | 49,750            |
| Tangible Assets                   | 342               | 415               | 566               | 438               | 630               |
| Other Assets                      | 112,300           | 32,068            | 45,770            | 96,005            | 62,004            |
| <b>Total Assets</b>               | <b>17,817,212</b> | <b>17,545,128</b> | <b>15,620,192</b> | <b>15,191,656</b> | <b>13,793,521</b> |
| Borrowings                        |                   | 60,000            |                   |                   |                   |
| Debentures                        | 3,744,934         | 3,744,155         | 3,393,702         | 2,116,679         | 1,847,591         |
| Other Liabilities                 | 153,519           | 20,050            | 19,152            | 12,609            | 12,858            |
| <b>Total Liabilities</b>          | <b>3,898,453</b>  | <b>3,824,205</b>  | <b>3,412,854</b>  | <b>2,129,288</b>  | <b>1,860,449</b>  |
| Common Stock                      | 4,030,077         | 4,030,077         | 4,030,077         | 4,030,077         | 4,030,077         |
| Capital Surplus                   | 159,610           | 179,488           | 186,959           | 187,554           | 187,955           |
| Capital Adjustment                | (64,452)          | (54,201)          | (57,219)          | (55,812)          | (55,854)          |
| Consolidated Other                |                   |                   |                   |                   |                   |
| Comprehensive Income              | 993,192           | 1,219,373         | 724,373           | 1,842,300         | 2,173,349         |
| Retained Earnings                 | 8,800,332         | 8,346,186         | 7,323,148         | 7,058,249         | 5,597,545         |
| <b>Total Stockholder s Equity</b> | <b>13,918,759</b> | <b>13,720,923</b> | <b>12,207,338</b> | <b>13,062,368</b> | <b>11,933,072</b> |
| Operating Revenue                 | 704,460           | 1,326,855         | 666,267           | 2,080,957         | 2,031,611         |
| Operating Income                  | 547,710           | 1,028,463         | 455,812           | 1,939,374         | 1,893,248         |
| Net Income                        | 532,443           | 1,026,024         | 454,478           | 1,943,561         | 2,029,319         |
| Earnings per share (in Won)       | 661               | 1,273             | 564               | 2,411             | 2,518             |

\* The figures in the table above 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.

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

(unit: in millions of Won)

| <b>Items</b>                            | <b>2009</b>        | <b>2008</b>        | <b>2007</b>        | <b>2006</b>        | <b>2005</b>        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash and Due from Banks                 | 21,133,831         | 19,967,897         | 14,984,541         | 10,674,977         | 11,224,015         |
| Securities                              | 50,276,343         | 46,714,465         | 48,228,254         | 46,313,960         | 37,693,090         |
| Loans                                   | 196,882,416        | 197,040,672        | 167,635,411        | 140,854,505        | 106,937,970        |
| Tangible Assets                         | 2,820,417          | 2,796,537          | 2,638,774          | 2,561,391          | 2,472,727          |
| Other Assets                            | 13,791,060         | 24,474,724         | 16,165,322         | 11,592,497         | 6,215,046          |
| <b>Total Assets</b>                     | <b>284,904,067</b> | <b>290,994,295</b> | <b>249,652,302</b> | <b>211,997,330</b> | <b>164,542,848</b> |
| Deposits                                | 178,660,922        | 170,224,891        | 146,583,312        | 129,022,868        | 107,087,990        |
| Borrowings                              | 71,664,594         | 74,717,758         | 66,040,316         | 54,111,207         | 37,116,858         |
| Other Liabilities                       | 18,591,420         | 31,743,043         | 22,011,382         | 15,438,450         | 9,233,038          |
| <b>Total Liabilities</b>                | <b>268,916,936</b> | <b>276,685,692</b> | <b>234,635,010</b> | <b>198,572,525</b> | <b>153,437,886</b> |
| Common Stock                            | 4,030,077          | 4,030,077          | 4,030,077          | 4,030,077          | 4,030,077          |
| Consolidated Capital Surplus            | 179,488            | 186,959            | 187,555            | 187,955            | 142,608            |
| Consolidated Capital Adjustment         | (54,201)           | (57,219)           | (55,812)           | (55,854)           | (52,747)           |
| Consolidated Other Comprehensive Income | 1,219,366          | 724,366            | 1,842,294          | 2,173,342          | 1,705,456          |
| Consolidated Retained Earnings          | 8,346,186          | 7,323,149          | 7,058,249          | 5,601,869          | 3,896,255          |
| Minority Interest                       | 2,266,215          | 2,101,271          | 1,954,929          | 1,487,416          | 1,383,313          |
| <b>Total Stockholder s Equity</b>       | <b>15,987,131</b>  | <b>14,308,603</b>  | <b>15,017,292</b>  | <b>13,424,805</b>  | <b>11,104,962</b>  |
| Operating Revenue                       | 54,061,689         | 86,901,260         | 26,650,127         | 19,895,975         | 14,564,520         |
| Operating Income                        | 1,383,261          | 1,115,659          | 2,915,803          | 2,748,368          | 2,004,494          |
| Income before income tax expense        | 1,459,818          | 1,190,400          | 2,923,358          | 2,913,712          | 2,145,704          |
| Net income from continuing operation    | 1,077,445          | 588,655            | 2,114,501          | 2,189,207          | 1,833,521          |
| Aggregated Net Income                   | 1,115,773          | 588,502            | 2,114,360          | 2,189,207          | 1,833,521          |
| Net Income for Majority Shareholders    | 1,026,024          | 454,478            | 1,939,238          | 2,029,319          | 1,688,221          |
| Net Income for Minority Shareholders    | 89,749             | 134,024            | 175,122            | 159,888            | 145,300            |
| No. of Companies Consolidated           | 36                 | 38                 | 30                 | 24                 | 21                 |

\* The figures for fiscal years 2007 to 2009 take into account the



effects of the revisions to the Interpretations on Financial Accounting Standards 53-70 on accounting for derivative instruments.

\* The figures for fiscal years 2007 and 2008 have been adjusted to reflect the re-classification of net income (loss) from discontinued operations.

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

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

(unit: in millions of Won)

| <b>Period</b> | <b>Item</b> | <b>Total Credits</b> | <b>Loan Loss Reserves</b> | <b>Provisioning Ratio</b> |
|---------------|-------------|----------------------|---------------------------|---------------------------|
| 2010 2Q       | Loans       | 100,000              | 500                       | 0.5%                      |
|               | Total       | 100,000              | 500                       | 0.5%                      |
| 2009          | Loans       | 140,000              | 700                       | 0.5%                      |
|               | Total       | 140,000              | 700                       | 0.5%                      |
| 2008          | Loans       | 170,000              | 850                       | 0.5%                      |
|               | Total       | 170,000              | 850                       | 0.5%                      |

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

(unit: in millions of Won)

| <b>Item</b>                           | <b>2010 2Q</b> | <b>2009</b> | <b>2008</b> |
|---------------------------------------|----------------|-------------|-------------|
| 1. Initial loan loss reserves balance | 700            | 850         | 0           |
| 2. Net credit costs                   |                |             |             |
| 1) Write-offs                         |                |             |             |
| 2) Recovery of written-off assets     |                |             |             |
| 3) Other changes                      |                |             |             |
| Recovery of credit costs              | (200)          | (150)       | 850         |
| Ending loan loss reserve balance      | 500            | 700         | 850         |

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

|                   |                    |                    |  |  |
|-------------------|--------------------|--------------------|--|--|
|                   | <b>2010 2Q</b>     | <b>2009 2Q</b>     | <b>2009</b>                                  | <b>2008</b>                                  |
| Auditor           | Deloitte Anjin LLC | Deloitte Anjin LLC | Deloitte Anjin LLC<br>Unqualified<br>Opinion | Deloitte Anjin LLC<br>Unqualified<br>Opinion |
| Auditor's Opinion |                    |                    |  |  |

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

(units: in millions of Won, hours)

| Year    | Auditor            | Activity   | Compensation | Accrued Time (hrs) |
|---------|--------------------|--|--------------|--------------------|
| 2010 2Q | Deloitte Anjin LLC | Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated) | 325          | 2,165              |
| 2009    | Deloitte Anjin LLC | Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated) | 342          | 4,941              |
| 2008    | Deloitte Anjin LLC | Review of Quarter and Half Year financial statements and audit of Annual financial statements (Consolidated, Non-consolidated) | 360          | 4,957              |

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

(unit: in millions of Won)

| Year    | Contract Date            | Activity   | Period  | Comp.       | Note               |
|---------|--------------------------|--|---|-------------|--------------------|
| 2010 2Q | 2010.04.30               | Corporate tax reconciliation<br>(Consolidated tax return advice)                             | 2010.07~2010.08<br>2011.02~2011.03                  | 72          | Deloitte Anjin LLC |
| 2009    | 2009.12.21<br>2009.04.29 | US GAAP and SOX Auditing<br>Corporate tax reconciliation<br>(Consolidated tax return review) | 2009.12~2010.05<br>2009.07~2009.08<br>2010.2~2010.3 | 3,006<br>31 | Deloitte Anjin LLC |
| 2008    | 2009.01.07<br>2008.05.14 | US GAAP and SOX Auditing<br>Corporate tax reconciliation                                     | 2008.12~2009.5<br>2008.7~2008.8<br>2009.2~2009.3    | 3,340<br>23 | Deloitte Anjin LLC |

**Table of Contents****V. Corporate Governance and Affiliated Companies****1. About the Board of Directors**

## A. Composition of our board of directors

After the general shareholders meeting on March 26, 2010

| <b>Name</b>                                     | <b>Career &amp; Academic Background</b>   | <b>Relationship with Largest Shareholder</b>  | <b>Notes</b>            |
|---|---|---|-------------------------|
| <b>Pal Seung Lee</b><br>(Standing Director)     | - <b>Current</b> ) Chairman and chief executive officer of Woori Finance Holdings<br>- Chief executive officer, Woori Investment & Securities<br>- Executive managing director, Hanil Bank<br>- Bachelor of Law, Korea University   | None  | Chairman of the board   |
| <b>Min-Joon Bang</b><br>(Non-standing Director) | - Arbitration Commissioner of Press Arbitration Commission<br>- Head of Editorial Desk, Korea Times<br>- Bachelor of Korean Language and Literature, Seoul National University  | None  | Third consecutive term  |
| <b>Hi-Taek Shin</b><br>(Non-standing Director)  | - <b>Current</b> ) Professor of College of Law, Seoul National University<br>- Lawyer, Kim & Chang Law Firm<br>- Bachelor of Laws, Seoul National University<br>- Master of Laws, Seoul National University<br>- J.S.D at Yale Law School   | None  | Third consecutive term  |
| <b>Hi-Bock Kang</b><br>(Non-standing Director)  | - <b>Current</b> ) Executive Director, Market Economy Research Institute<br>- Chief Executive Officer, Korea Minting and Security Printing Corporation<br>- Bachelor of Public Administration, Seoul National University<br>- Graduate School of Public Administration, Seoul National University | None  | Second consecutive term |
| <b>Young-Ho Lee</b><br>(Non-standing Director)  | - <b>Current</b> ) Advisor, Kim & Chang Law Firm<br>- Chairman, Market Oversight Commission of Korea Exchange<br>- Assistant Governor, Financial Supervisory Service<br>- Bachelor of Laws, Korea University  | None  | Second consecutive term |
| <b>Hak-Jin Kim</b><br>(Non-standing Director)   | - <b>Current</b> ) Director General of Department of Planning & Coordination, Korea Deposit Insurance Corporation<br>- General Manager of Human Resources Development Department, Korea Deposit Insurance Corporation<br>- Bachelor of Economics, Chung-Ang University                            | Employee of the majority shareholding company | Second consecutive term |
| <b>Doo-Hee Lee</b><br>(Non-standing Director)   | - <b>Current</b> ) Professor of College of Business Administration, Korea University  | None  | Second consecutive term |

|  |   |      |                         |
|--|---|------|-------------------------|
| Director)                                    | - President, Korea Advertising Society                        |      |                         |
|  | - Bachelor of Business Administration, Korea University       |      |                         |
|  | - Ph.D. in Business Administration, Michigan State University |      |                         |
| <b>Hun Lee</b><br>(Non-standing<br>Director) | - <b>Current</b> ) Co-Head, The Lawyers for Citizens          | None | Second consecutive term |
|  | - Lawyer, Barun Law   |      |                         |
|  | - Bachelor of Law, Chung-Ang University                       |      |                         |

B. Committees under the Board of Directors

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

- (a) Management Committee
- (b) Business Development and Compensation Committee

**Table of Contents**

- (c) Risk Management Committee
- (d) Standing Directors Committee
- (e) Ethics Committee
- (f) Outside Directors Recommendation Committee
- (g) MOU Evaluation Committee
- (h) Audit Committee
- (i) Audit Committee Member Candidate Recommendation Committee

After the general shareholders meeting on March 26, 2010

| <b>Name</b>                                     | <b>Position</b>  | <b>Notes</b>   |
|---|--|--|
| Management Committee                            | Pal Seung Lee<br>Hi-Bock Kang<br>Young-Ho Lee<br>Min-Joon Bang<br>Hi-Taek Shin                               | Chairman and CEO Pal Seung Lee heads this committee consisting of the heads of the sub-committees.   |
| Business Development and Compensation Committee | Young-Ho Lee<br>Doo-Hee Lee<br>Hun Lee   | Non-standing director Young-Ho Lee heads this committee consisting of no fewer than three non-standing directors.  |
| Risk Management Committee                       | Pal Seung Lee<br>Hi-Bock Kang<br>Young-Ho Lee<br>Min-Joon Bang<br>Hun Lee                                    | Chairman and CEO Pal Seung Lee heads this committee. The committee consists of the Chairman and CEO, inside director and no fewer than three non-standing directors. |
| Standing Directors Committee                    | Pal Seung Lee  | Chairman and CEO Pal Seung Lee heads the committee consisting of all executive directors.  |
| Ethics Committee                                | Pal Seung Lee<br>Min-Joon Bang<br>Hak-Jin Kim<br>Doo-Hee Lee<br>Hi-Taek Shin                                 | Non-standing director Min-Joon Bang heads this committee consisting of all executive directors and no fewer than two non-standing directors.                         |
| Outside Directors Recommendation Committee      | Pal Seung Lee<br>Hi-Bock Kang<br>Hak-Jin Kim<br>Doo-Hee Lee<br>Hun Lee                                       | Non-standing director Hi-Bock Kang heads this committee consisting of the Chairman and CEO and no fewer than three non-standing directors.                           |
| MOU Evaluation Committee                        | Pal Seung Lee<br>Hi-Bock Kang<br>Young-Ho Lee<br>Min-Joon Bang<br>Hi-Taek Shin<br>Hak-Jin Kim<br>Doo-Hee Lee | Chairman and CEO Pal Seung Lee heads this committee consisting of the entire board of directors.   |

|   |  |  |
|---|--|--|
| Audit Committee   | Hun Lee<br>Young-Ho Lee<br>Hak-Jin Kim<br>Hi-Taek Shin<br>Doo-Hee Lee                                  | Consists of no fewer than 3 directors and one financial expert, at least two-thirds of whom are non-standing directors |
| Audit Committee Member<br>Candidate Recommendation<br>Committee | Hi-Bock Kang<br>Young-Ho Lee<br>Min-Joon Bang<br>Hi-Taek Shin<br>Hak-Jin Kim<br>Doo-Hee Lee<br>Hun Lee | Non-standing director Hi-Bock Kang heads this committee consisting of all executive directors.                         |

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**2. Related Companies**

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

As of June 30, 2010

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

| Name                          | Beginning Balance |       |                   | Changes <sup>1</sup> |                        | Ending Bal.    |       |                   | Total Assets<br>as of the<br>Most<br>Recent Fiscal<br>Year | Net<br>Income<br>for the<br>Most<br>Recent<br>Fiscal<br>Year <sup>2</sup> |
|-------------------------------|-------------------|-------|-------------------|----------------------|------------------------|----------------|-------|-------------------|--|---|
|                               | Quantity          | Share | Book value        | Quantity             | Valuation<br>Gain/Loss | Quantity       | Share | Book value        |  |   |
| Woori Bank Kwangju            | 765,957           | 100.0 | 13,621,824        |                      | (10,493)               | 765,957        | 100.0 | 13,611,331        | 237,910,470  | 953,829   |
| Bank Kyongnam                 | 49,413            | 99.9  | 976,284           |                      | 51,923                 | 49,413         | 99.9  | 1,028,207         | 17,308,304   | 62,003  |
| Bank Woori Finance Info Sys.  | 900               | 100.0 | 15,013            |                      | 2,908                  | 900            | 100.0 | 17,921            | 221,876  | 1,416   |
| Woori F&I                     | 6,000             | 100.0 | 166,563           |                      | 4,578                  | 6,000          | 100.0 | 171,141           | 508,542  | 24,667  |
| Woori Investment & Securities | 46,325            | 35.0  | 754,782           |                      | 35,807                 | 46,325         | 35.0  | 790,589           | 18,406,605   | 180,543   |
| Woori Asset Management        | 6,662             | 100.0 | 67,456            |                      | (6,966)                | 6,662          | 100.0 | 60,490            | 92,363   | 9,954   |
| Woori Private Equity          | 4,000             | 100.0 | 24,246            |                      | 781                    | 4,000          | 100.0 | 25,027            | 25,141   | 1,310   |
| Woori Financial               | 8,970             | 52.9  | 207,346           |                      | (16,656)               | 8,970          | 52.5  | 190,690           | 2,151,217  | 25,732  |
| Woori Aviva Life Insurance    | 3,060             | 51.0  | 72,903            |                      | (4,938)                | 3,060          | 51.0  | 67,965            | 1,743,823  | 2,643   |
| <b>Total</b>                  | <b>949,337</b>    |       | <b>17,350,078</b> |                      | <b>60,122</b>          | <b>949,337</b> |       | <b>17,410,200</b> | <b>301,525,667</b>   | <b>1,455,715</b>  |

1. The changes in quantity and cost are calculated from the increase or decrease under the equity method.

2. The figures for the net income for the most

recent fiscal  
year as stated  
above are for  
the fiscal year  
ended  
December 31,  
2009, except for  
the figures for  
the latest net  
income of  
Woori Asset  
Management,  
Woori  
Investment &  
Securities and  
Woori Aviva  
Life Insurance,  
which are for  
the fiscal year  
ended  
March 31, 2010.

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

As of June 30, 2010

(units: shares, %)

| Name  | Relation | Type           | Beginning balance |       | Shares Held |     | Ending balance |       | Reasons Behind Change |
|-------|----------|----------------|-------------------|-------|-------------|-----|----------------|-------|-----------------------|
|       |          |                | Stock             | Share | (+)         | (-) | Stock          | Share |                       |
| KDIC  | S/H      | Largest Common | 459,198,609       | 56.97 |             |     | 459,198,609    | 56.97 |                       |
|       |          | Common         | 459,198,609       | 56.97 |             |     | 459,198,609    | 56.97 |                       |
| Total |          | Preferred      |                   |       |             |     |                |       |                       |
|       |          | Total          | 459,198,609       | 56.97 |             |     | 459,198,609    | 56.97 |                       |

Largest Shareholder: KDIC

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

As of June 30, 2010

(units: shares, %)

| No. | Name                              | Common Stock  |       | Preferred Stock |   | Total         |       |
|-----|-----------------------------------|---------------|-------|-----------------|---|---------------|-------|
|     |                                   | No. of shares | %     | No. of shares   | % | No. of shares | %     |
| 1   | KDIC                              | 459,198,609   | 56.97 |                 |   | 459,198,609   | 56.97 |
| 2   | Mirae Asset Management Investment | 49,967,187    | 6.20  |                 |   | 49,967,187    | 6.20  |
|     | Total                             | 509,165,796   | 63.17 |                 |   | 509,165,796   | 63.17 |

**c. Shareholder Distribution**

As of December 31, 2009

| Items                              | Shareholder |          | Number of   |          |
|------------------------------------|-------------|----------|-------------|----------|
|                                    | number      | Ratio(%) | shares      | Ratio(%) |
| Total Minority Shareholders        | 70,667      | 100.00   | 265,694,161 | 32.96    |
| Minority Shareholders (Companies)  | 1,547       | 2.19     | 215,407,064 | 26.72    |
| Minority Shareholders (Individual) | 69,120      | 97.81    | 50,287,097  | 6.24     |
| Largest Shareholders, etc.         | 1           |          | 531,738,609 | 65.97    |
| Main Shareholders                  |             |          |             |          |
| Total Other Shareholders           | 1           |          | 8,580,000   | 1.06     |
| Others Shareholders (Companies)    | 1           |          | 8,580,000   | 1.06     |
| Others Shareholders (Individuals)  |             |          |             |          |
| Others                             | 1           |          | 2,570       |          |
| Total                              | 70,670      | 100.0    | 806,015,340 | 100.00   |



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

(units: Won, shares)

| <b>Period</b>        |         | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> | <b>April 2010</b> | <b>May 2010</b> | <b>June 2010</b> |
|----------------------|---------|-------------------------|--------------------------|-----------------------|-------------------|-----------------|------------------|
| <b>Common</b>        |         |                         |                          |                       |                   |                 |                  |
| Stock                | High    | 16,000                  | 14,450                   | 16,800                | 18,300            | 17,700          | 16,050           |
|                      | Low     | 13,400                  | 12,950                   | 13,750                | 16,000            | 14,900          | 14,600           |
|                      | Average | 14,953                  | 13,546                   | 15,080                | 17,416            | 15,847          | 15,214           |
| <b>Monthly Trade</b> |         |                         |                          |                       |                   |                 |                  |
| Volume               | High    | 9,228,569               | 4,601,541                | 8,445,039             | 84,849,174        | 11,124,434      | 12,414,955       |
|                      | Low     | 2,503,978               | 1,237,078                | 1,518,406             | 2,488,793         | 3,100,160       | 2,863,285        |
|                      | Average | 85,347,708              | 55,357,442               | 83,747,705            | 182,700,533       | 111,422,140     | 129,164,376      |

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

(units: US Dollars, ADRs)

| <b>Period</b>        |         | <b>January<br/>2010</b> | <b>February<br/>2010</b> | <b>March<br/>2010</b> | <b>April<br/>2010</b> | <b>May<br/>2010</b> | <b>June<br/>2010</b> |
|----------------------|---------|-------------------------|--------------------------|-----------------------|-----------------------|---------------------|----------------------|
| ADR                  | High    | 42.50                   | 36.60                    | 44.10                 | 49.68                 | 48.01               | 40.49                |
|                      | Low     | 33.93                   | 33.05                    | 34.35                 | 43.06                 | 36.15               | 35.02                |
|                      | Average | 39.00                   | 35.12                    | 39.75                 | 47.01                 | 40.47               | 37.45                |
| Won Conversion       | High    | 48,400                  | 42,349                   | 50,170                | 55,428                | 53,219              | 49,232               |
|                      | Low     | 38,640                  | 38,241                   | 39,078                | 48,361                | 42,118              | 42,385               |
|                      | Average | 44,414                  | 40,637                   | 45,221                | 52,517                | 47,070              | 45,406               |
| <b>Monthly Trade</b> |         |                         |                          |                       |                       |                     |                      |
| Volume               | High    | 68,100                  | 15,700                   | 54,900                | 30,300                | 16,800              | 10,400               |
|                      | Low     | 2,000                   | 2,200                    | 500                   | 600                   | 100                 | 1,900                |
|                      | Average | 257,600                 | 130,300                  | 180,600               | 127,700               | 140,000             | 130,900              |

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

| Position                 |                | Name          | Common Stocks Owned            | Note  |
|--------------------------|----------------|---------------|--------------------------------|---|
| Chairman and CEO         | Registered     | Pal Seung Lee | 35,000 (as of August 12, 2010) |   |
| Senior Managing Director | Non-Registered | Sang Koo Youn | 4,400 (as of August 9, 2010)   |   |
| Senior Managing Director | Non-Registered | Jeong Han Kim |                                | Also serves as the Head of the Risk Management Unit at Woori Bank |
| Managing Director        | Non-Registered | Sung Jae Park | 353                            | Appointed as the Chief Compliance Officer on February 10, 2010    |
| Managing Director        | Non-Registered | Seung Gyu Kim |                                |   |
| Non-standing Director    | Registered     | Hi-Bock Kang  |                                |   |
| Non-standing Director    | Registered     | Young-Ho Lee  |                                |   |
| Non-standing Director    | Registered     | Min-Joon Bang |                                |   |
| Non-standing Director    | Registered     | Hi-Taek Shin  |                                |   |
| Non-standing Director    | Registered     | Hak-Jin Kim   |                                |   |
| Non-standing Director    | Registered     | Doo-Hee Lee   |                                |   |
| Non-standing Director    | Registered     | Hun Lee       |                                |   |

**2. Employee Status**

As of June 30, 2010

(units: persons, thousands of Won)

| Items | Staff  |       |       | Total | Average Tenure Years  | Cumulative Compensation | Average Compensation Per Person | Note |
|-------|--------|-------|-------|-------|-----------------------|-------------------------|---------------------------------|------|
|       | Admin. | Manu. | Misc. |       |                       |                         |                                 |      |
| Total | 115    |       | 12    | 127   | 2 years and 11 months | 3,482,250               | 27,419                          |      |

**3. Directors Compensation**

(unit: in millions of Won)

| Items             | Total Compensation | Compensation Limit approved at Meeting of Shareholders | Fair value of Stock Option | Note |
|-------------------|--------------------|--|----------------------------|------|
|                   |                    |  |                            |      |
| Standing Director | 239                | 4,000  |                            |      |
|                   | 40                 |  |                            |      |

Non-standing Directors (excluding audit  
committee member)

Audit committee members

80

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**Table of Contents****VIII. Related Party Transactions****1. Transactions with Affiliated Parties****a. Transactions of Provisional Payments and Loans (including secured loans)**

(unit: in millions of Won)

| Name            | Relation   | Item<br>Other | Beg.    | Changes |  | End     | Notes |
|-----------------|------------|---------------|---------|---------|--|---------|-------|
|                 |            |               |         | +       |  |         |       |
| Woori Financial | Subsidiary | Loan          | 100,000 |         |  | 100,000 |       |
| Woori F&I       | Subsidiary | Other         |         |         |  |         |       |
| Woori F&I       | Subsidiary | Loan          | 40,000  | 40,000  |  |         |       |
| Total           |            |               | 140,000 | 40,000  |  | 100,000 |       |

**b. Payment Transactions**

(unit: shares)

Capital Contribution and Share Disposal  
Transactions

| Name                             | Relation   | Types<br>of<br>Shares | Beginning   | Increase | Decrease | Ending      | Notes |
|----------------------------------|------------|-----------------------|-------------|----------|----------|-------------|-------|
|                                  |            |                       |             |          |          |             |       |
| Woori Bank                       | Subsidiary | stock                 | 695,956,580 |          |          | 695,956,580 |       |
|                                  |            | Preferred             |             |          |          |             |       |
|                                  |            | Stock                 | 70,000,000  |          |          | 70,000,000  |       |
| Kwangju Bank                     | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | stock                 | 49,413,333  |          |          | 49,413,333  |       |
| Kyongnam Bank                    | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | stock                 | 58,049,994  |          |          | 58,049,994  |       |
| Woori Finance Info Sys.          | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 900,000     |          |          | 900,000     |       |
| Woori F&I                        | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 6,000,000   |          |          | 6,000,000   |       |
| Woori Investment &<br>Securities | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 46,324,981  |          |          | 46,324,981  |       |
| Woori Asset<br>Management        | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 6,662,000   |          |          | 6,662,000   |       |
| Woori Private Equity             | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 4,000,000   |          |          | 4,000,000   |       |
| Woori Financial                  | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 8,970,639   |          |          | 8,970,639   |       |
| Woori Aviva Life<br>Insurance    | Subsidiary | Common                |             |          |          |             |       |
|                                  |            | Stock                 | 3,060,000   |          |          | 3,060,000   |       |
| Total                            |            |                       | 949,337,527 |          |          | 949,337,527 |       |



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**EXHIBIT A**

**FINANCIAL STATEMENTS**

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

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS

ENDED JUNE 30, 2010 AND 2009

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

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**Independent Accountants Review Report**

English Translation of a Report Originally Issued in Korean

**To the Shareholders and Board of Directors of**

**Woori Finance Holdings Co., Ltd.:**

We have reviewed the accompanying non-consolidated statement of financial position of Woori Finance Holdings Co., Ltd. (the Company) as of June 30, 2010, the related non-consolidated statements of operations for the three months and six months ended June 30, 2010 and 2009, and non-consolidated statements of changes in shareholders equity and cash flows for the six months ended June 30, 2010 and 2009, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

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

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated statement of financial position of the Company as of December 31, 2009 and the related non-consolidated statements of operations, appropriations of retained earnings, changes in shareholders equity and cash flows for the year then ended (not presented herein) and in our report dated March 4, 2010, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying statement of financial position as of December 31, 2009, which is comparatively presented, does not differ in material respects from such audited non-consolidated statement of financial position.

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

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Accounting principles and review standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations, changes in shareholders' equity or cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

August 4, 2010

**Notice to Readers**

This report is effective as of August 4, 2010, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

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**WOORI FINANCE HOLDINGS CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2010 AND DECEMBER 31, 2009**

|  | Korean won    |              | Translation into<br>U.S. dollars (Note 2) |                 |
|--|---------------|--------------|---|-----------------|
|  | 2010          | 2009         | 2010                                      | 2009            |
|  | (In millions) |              | (In thousands)                            |                 |
| <b>ASSETS</b>  |               |              |   |                 |
| Cash and bank deposits (Notes 15 and 17)   | ₩ 194,870     | ₩ 23,267     | US\$ 161,010                              | US\$ 19,224     |
| Investment securities accounted for using the equity method of accounting (Notes 3 and 15) | 17,410,200    | 17,350,078   | 14,385,029                                | 14,335,353      |
| Loans, net of allowance for possible loan losses (Notes 4 and 15)                          | 99,500        | 139,300      | 82,211                                    | 115,095         |
| Fixed assets (Note 5)  | 342           | 415          | 283                                       | 343             |
| Other assets (Notes 6, 7 and 17)   | 112,300       | 32,068       | 92,786                                    | 26,497          |
|  | ₩ 17,817,212  | ₩ 17,545,128 | US\$ 14,721,319                           | US\$ 14,496,512 |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |               |              |   |                 |
| <b>LIABILITIES</b>   |               |              |   |                 |
| Debentures, net of discounts (Notes 8 and 15)  | ₩ 3,744,934   | ₩ 3,744,156  | US\$ 3,094,220                            | US\$ 3,093,577  |
| Borrowings (Notes 8 and 15)  |               | 60,000       |   | 49,574          |
| Other liabilities (Notes 10 and 17)  | 153,519       | 20,049       | 126,844                                   | 16,566          |
|  | 3,898,453     | 3,824,205    | 3,221,064                                 | 3,159,717       |
| <b>SHAREHOLDERS EQUITY</b>   |               |              |   |                 |
| Common stock (Note 11)   | 4,030,077     | 4,030,077    | 3,329,817                                 | 3,329,817       |
| Capital surplus (Note 3)   | 159,609       | 179,488      | 131,876                                   | 148,300         |
| Capital adjustments (Notes 3 and 11)   | (64,452)      | (54,201)     | (53,253)                                  | (44,783)        |
| Accumulated other comprehensive income (Notes 3 and 19)                                    | 993,192       | 1,219,373    | 820,616                                   | 1,007,496       |
| Retained earnings:   |               |              |   |                 |
| Legal reserve  | 885,903       | 783,300      | 731,970                                   | 647,195         |
| Voluntary reserve  | 7,379,000     | 6,539,000    | 6,096,835                                 | 5,402,793       |
| Retained earnings before appropriations (Notes 3 and 11)                                   | 535,430       | 1,023,886    | 442,394                                   | 845,977         |
|  | 8,800,333     | 8,346,186    | 7,271,199                                 | 6,895,965       |
|  | 13,918,759    | 13,720,923   | 11,500,255                                | 11,336,795      |

₩ 17,817,212    ₩ 17,545,128    US\$ 14,721,319    US\$ 14,496,512

See accompanying notes to non-consolidated financial statements.

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**WOORI FINANCE HOLDINGS CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|  | Korean won                                      |               |                 |               | Translation into U.S. dollars (Note 2)           |              |                 |              |
|--|---|---------------|-----------------|---------------|--|--------------|-----------------|--------------|
|  | 2010  |               | 2009            |               | 2010   |              | 2009            |              |
|  | Three<br>months                                 | Six<br>months | Three<br>months | Six<br>months | Three<br>months                                  | Six months   | Three<br>months | Six months   |
|  | (In millions, except for income per share data) |               |                 |               | (In thousands, except for income per share data) |              |                 |              |
| <b>OPERATING REVENUE</b>   |   |               |                 |               |  |              |                 |              |
| Gain on valuation using the equity method of accounting (Notes 3 and 16) | ₩ 51,808  | ₩ 699,677     | ₩ 294,841       | ₩ 530,062     | US\$ 42,806                                      | US\$ 578,102 | US\$ 243,610    | US\$ 437,959 |
| Interest income (Note 17)  | 2,715   | 4,583         | 4,456           | 8,227         | 2,243  | 3,787        | 3,682           | 6,797        |
| Reversal of allowance for doubtful accounts                              |   | 200           |                 |               |  | 165          |                 |              |
|  | 54,523  | 704,460       | 299,297         | 538,289       | 45,049   | 582,054      | 247,292         | 444,756      |
| <b>OPERATING EXPENSES</b>  |   |               |                 |               |  |              |                 |              |
| Loss on valuation using the equity method of accounting (Notes 3 and 16) | 10,880  | 18,427        | 2,554           | 15,349        | 8,990  | 15,225       | 2,110           | 12,682       |
| Interest expense   | 61,189  | 122,308       | 62,137          | 116,859       | 50,557   | 101,056      | 51,340          | 96,554       |
| Fees (Note 17)   | 1,247   | 2,136         | 1,850           | 2,981         | 1,030  | 1,765        | 1,529           | 2,463        |
| Provision for possible loan losses                                       |   |               |                 | 100           |  |              |                 | 83           |
| General and administrative (Notes 14 and 15)                             | 6,665   | 13,879        | 5,866           | 12,328        | 5,507  | 11,467       | 4,847           | 10,185       |
|  | 79,981  | 156,750       | 72,407          | 147,617       | 66,084   | 129,513      | 59,826          | 121,967      |
| <b>OPERATING INCOME</b>  | (25,458)  | 547,710       | 226,890         | 390,672       | (21,035)   | 452,541      | 187,466         | 322,789      |
| <b>NON-OPERATING INCOME</b>  |   |               |                 |               |  |              |                 |              |
|  | 91  | 93            | 126             | 170           | 74   | 77           | 104             | 141          |
|  | 1,165   | 1,318         | 3,890           | 5,443         | 963  | 1,090        | 3,214           | 4,497        |

NON-OPERATING  
EXPENSES

|   |            |           |           |           |               |              |              |              |
|---|------------|-----------|-----------|-----------|---------------|--------------|--------------|--------------|
| INCOME<br>(LOSS) BEFORE<br>INCOME TAX                 | (26,532)   | 546,485   | 223,126   | 385,399   | (21,924)      | 451,528      | 184,356      | 318,433      |
| INCOME TAX<br>EXPENSE (Note<br>12)                    | 14,042     | 14,042    |           |           | 11,602        | 11,602       |              |              |
| NET INCOME<br>(LOSS)                                  | ₩ (40,574) | ₩ 532,443 | ₩ 223,126 | ₩ 385,399 | US\$ (33,526) | US\$ 439,926 | US\$ 184,356 | US\$ 318,433 |
| NET INCOME<br>(LOSS) PER<br>COMMON SHARE<br>(Note 18) | ₩ (50)     | ₩ 661     | ₩ 277     | ₩ 478     | US\$ (0.041)  | US\$ 0.546   | US\$ 0.229   | US\$ 0.395   |

See accompanying notes to non-consolidated financial statements.

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**WOORI FINANCE HOLDINGS CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

| Korean won  | Common<br>stock | Capital<br>surplus | Capital<br>adjustments | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total           |
|---|-----------------|--------------------|------------------------|---|----------------------|-----------------|
|   | (In millions)   |                    |                        |   |                      |                 |
| January 1, 2009<br>(Reported)                           | ₩ 4,030,077     | ₩ 186,959          | ₩ (57,219)             | ₩ 724,373                                       | ₩ 7,323,149          | ₩ 12,207,339    |
| Net income  |                 |                    |                        |   | 385,399              | 385,399         |
| Valuation using the<br>equity method on<br>subsidiaries |                 | 17,612             | 644                    | 169,966   | (1,041)              | 187,181         |
| June 30, 2009   | ₩ 4,030,077     | ₩ 204,571          | ₩ (56,575)             | ₩ 894,339                                       | ₩ 7,707,507          | ₩ 12,779,919    |
| January 1, 2010<br>(Reported)                           | ₩ 4,030,077     | 179,488            | ₩ (54,201)             | ₩ 1,219,373                                     | ₩ 8,346,186          | ₩ 13,720,923    |
| Net income  |                 |                    |                        |   | 532,443              | 532,443         |
| Dividend  |                 |                    |                        |   | (80,601)             | (80,601)        |
| Valuation using the<br>equity method on<br>subsidiaries |                 | (19,879)           | (10,251)               | (226,181)                                       | 2,305                | (254,006)       |
| June 30, 2010   | ₩ 4,030,077     | ₩ 159,609          | ₩ (64,452)             | ₩ 993,192                                       | ₩ 8,800,333          | ₩ 13,918,759    |
| Translation into<br>U.S. dollars (Note 2)               | Common<br>stock | Capital<br>surplus | Capital<br>adjustments | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total           |
|   | (In thousands)  |                    |                        |   |                      |                 |
| January 1, 2009<br>(Reported)                           | US\$ 3,329,817  | US\$ 154,473       | US\$ (47,277)          | US\$ 598,507                                    | US\$ 6,050,689       | US\$ 10,086,209 |
| Net income  |                 |                    |                        |   | 318,433              | 318,433         |
| Valuation using the<br>equity method on<br>subsidiaries |                 | 14,552             | 532                    | 140,433   | (860)                | 154,657         |
| June 30, 2009   | US\$ 3,329,817  | US\$ 169,025       | US\$ (46,745)          | US\$ 738,940                                    | US\$ 6,368,262       | US\$ 10,559,299 |
| January 1, 2010<br>(Reported)                           | US\$ 3,329,817  | US\$ 148,300       | US\$ (44,783)          | US\$ 1,007,496                                  | US\$ 6,895,965       | US\$ 11,336,795 |
| Net income  |                 |                    |                        |   | 439,926              | 439,926         |
| Dividend  |                 |                    |                        |   | (66,597)             | (66,597)        |



|   |                |              |               |              |                |                 |
|---|----------------|--------------|---------------|--------------|----------------|-----------------|
| Valuation using the equity method on subsidiaries | (16,424)       | (8,470)      | (186,880)     | 1,905        | (209,869)      |                 |
| June 30, 2010                                     | US\$ 3,329,817 | US\$ 131,876 | US\$ (53,253) | US\$ 820,616 | US\$ 7,271,199 | US\$ 11,500,255 |

See accompanying notes to non-consolidated financial statements.

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**WOORI FINANCE HOLDINGS CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|   | Korean won    |           | Translation into<br>U.S. dollars (Note 2) |              |
|---|---------------|-----------|---|--------------|
|   | 2010          | 2009      | 2010                                      | 2009         |
|   | (In millions) |           | (In thousands)                            |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |               |           |   |              |
| Net income  | ₩ 532,443     | ₩ 385,399 | US\$ 439,926                              | US\$ 318,433 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |               |           |   |              |
| Loss on valuation using the equity method of accounting                                     | 18,427        | 15,349    | 15,225                                    | 12,682       |
| Interest expense (amortization of discounts on debentures)                                  | 1,508         | 1,359     | 1,245                                     | 1,123        |
| Provision for severance benefits  | 503           | 421       | 417                                       | 348          |
| Depreciation  | 81            | 108       | 67  | 89           |
| Amortization  | 4             | 3         | 3   | 2            |
| Provision for possible loan losses  |               | 100       |   | 83           |
| Other non-operating expense   |               | 3,852     |   | 3,183        |
| Gain on valuation using the equity method of accounting                                     | (699,677)     | (530,062) | (578,102)                                 | (437,959)    |
| Reversal of allowance for doubtful accounts   | (200)         |           | (165)                                     |              |
|   | (679,354)     | (508,870) | (561,310)                                 | (420,449)    |
| Changes in operating assets and liabilities:  |               |           |   |              |
| Increase in other receivables   | (78,714)      | (482)     | (65,037)                                  | (398)        |
| Decrease in investment securities accounted for using the equity method of accounting       | 407,130       | 40,476    | 336,388                                   | 33,443       |
| Decrease (increase) in accrued income   | (157)         | 25        | (130)                                     | 20           |
| Decrease in prepaid expenses  | 47            | 102       | 39  | 84           |
| Increase in advanced payments   | (1,392)       | (21)      | (1,150)                                   | (17)         |
| Retirement benefits succession  | 400           | 18        | 330                                       | 15           |
| Severance benefits payment  | (337)         | (230)     | (278)                                     | (190)        |
| Decrease in employee retirement insurance deposit   | 51            | 164       | 42  | 136          |
| Increase (decrease) in other payables   | (39)          | 449       | (31)                                      | 371          |
| Increase in accrued expenses  | 333           | 66        | 276                                       | 54           |
| Decrease in withholdings  | (286)         | (67)      | (236)                                     | (55)         |
| Decrease in prepaid income tax  |               | 62        |   | 51           |
| Increase in income tax payable  | 78,794        |           | 65,103                                    |              |
| Increase in deferred income tax liabilities   | 14,042        |           | 11,602                                    |              |

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|   |         |          |         |          |
|---|---------|----------|---------|----------|
|   | 419,872 | 40,562   | 346,917 | 33,514   |
| Net cash provided by (used in) operating activities | 272,961 | (82,909) | 225,533 | (68,502) |

(Continued)

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**WOORI FINANCE HOLDINGS CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|   | Korean won       |                  | Translation into    |                     |
|---|------------------|------------------|---------------------|---------------------|
|   | 2010             | 2009             | 2010                | 2009                |
|   | (In millions)    |                  | (In thousands)      |                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                  |                  |                     |                     |
| Collection of loans   | ₩ 40,000         | ₩ 20,000         | US\$ 33,050         | US\$ 16,525         |
| Acquisition of investment securities accounted for using the equity method accounting |                  | (300,000)        |                     | (247,871)           |
| Acquisition of fixed assets   | (8)              | (23)             | (7)                 | (19)                |
| Acquisition of intangible assets  | (19)             | (8)              | (16)                | (7)                 |
| Extension of loans  |                  | (40,000)         |                     | (33,050)            |
| Net cash provided by (used in) investing activities                                   | 39,973           | (320,031)        | 33,027              | (264,422)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                  |                  |                     |                     |
| Proceeds from issuance of debentures in local currency                                | 249,270          | 898,258          | 205,957             | 742,178             |
| Proceeds from borrowings in local currency  | 10,000           |                  | 8,262               |                     |
| Repayment of debentures in local currency   | (250,000)        | (370,000)        | (206,560)           | (305,709)           |
| Payment of dividends  | (80,601)         |                  | (66,596)            |                     |
| Repayment of borrowings in local currency   | (70,000)         |                  | (57,837)            |                     |
| Net cash provided by (used in) financing activities                                   | (141,331)        | 528,258          | (116,774)           | 436,469             |
| <b>NET INCREASE IN CASH AND BANK DEPOSITS</b>   | <b>171,603</b>   | <b>125,318</b>   | <b>141,786</b>      | <b>103,545</b>      |
| <b>CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD</b>                                | <b>23,267</b>    | <b>119,350</b>   | <b>19,224</b>       | <b>98,612</b>       |
| <b>CASH AND BANK DEPOSITS, END OF THE PERIOD</b>                                      | <b>₩ 194,870</b> | <b>₩ 244,668</b> | <b>US\$ 161,010</b> | <b>US\$ 202,157</b> |

See accompanying notes to non-consolidated financial statements.



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**WOORI FINANCE HOLDINGS CO., LTD.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

**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 10 subsidiaries and 30 2nd-tier subsidiaries as of June 30, 2010.

Upon incorporation, the Company's stock amounted to ₩3,637,293 million, consisting of 727,458,609 common shares (₩5,000 per share) issued and outstanding. As a result of several capital increases, exercise of warrants and conversion rights since incorporation, as of June 30, 2010, the Company's stock amounted to ₩4,030,077 million, consisting of 806,015,340 common shares issued and outstanding of which the KDIC owns 459,198,609 shares (56.97%).

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

## (2) The structure of the Company and its significant subsidiaries as of June 30, 2010 and December 31, 2009 is as follows:

| Parent companies                 | Subsidiaries                               | 2010                   |                             | 2009                   |                             | Financial statements as of June |
|----------------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|---------------------------------|
|                                  |  | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) |                                 |
| Woori Finance Holdings Co., Ltd. | Woori Bank                                 | 765,956,580            | 100.0                       | 765,956,580            | 100.0                       | 30                              |
| "                                | Kyongnam Bank                              | 58,049,994             | 99.9                        | 58,049,994             | 99.9                        | 30                              |
| "                                | Kwangju Bank                               | 49,413,333             | 99.9                        | 49,413,333             | 99.9                        | 30                              |
| "                                | Woori Finance Information System Co., Ltd. | 900,000                | 100.0                       | 900,000                | 100.0                       | 30                              |
| "                                | Woori F&I Co., Ltd.                        | 6,000,000              | 100.0                       | 6,000,000              | 100.0                       | 30                              |
| "                                | Woori Investment Securities Co., Ltd.      | 46,324,981             | 35.0                        | 46,324,981             | 35.0                        | 30                              |
| "                                | Woori Asset Management Co., Ltd.           | 6,662,000              | 100.0                       | 6,662,000              | 100.0                       | 30                              |
| "                                | Woori Private Equity Co., Ltd.             | 4,000,000              | 100.0                       | 4,000,000              | 100.0                       | 30                              |
| "                                | Woori Financial Co., Ltd.                  | 8,909,439              | 52.5                        | 8,909,439              | 52.5                        | 30                              |
| "                                | Woori Aviva Life Insurance Co., Ltd.       | 3,060,000              | 51.0                        | 3,060,000              | 51.0                        | 30                              |

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|            |   |            |       |            |       |              |
|------------|---|------------|-------|------------|-------|--------------|
| Woori Bank | Woori Credit Information Co., Ltd.                        | 1,008,000  | 100.0 | 1,008,000  | 100.0 | June 30 (*9) |
| "          | Woori America Bank  | 10,500,000 | 100.0 | 10,500,000 | 100.0 | June 30 (*9) |
| "          | PT. Bank Woori Indonesia Woori Global Market Asia Limited | 1,618      | 95.2  | 1,618      | 95.2  | June 30 (*9) |
| "          | Woori Bank (China) Limited                                | 39,000,000 | 100.0 | 39,000,000 | 100.0 | June 30 (*9) |
| "          | ZAO Woori Bank  | 19,999,999 | 100.0 | 19,999,999 | 100.0 | June 30 (*9) |

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| Parent companies                      | Subsidiaries   | 2010                   |                             | 2009                   |                             | Financial statements as of June 30 |
|---------------------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|------------------------------------|
|                                       |  | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) |                                    |
| Woori F&I Co., Ltd.                   | Woori AMC Co., Ltd. (*7)                                 | 800,000                | 100.0                       |                        |                             | June 30                            |
| "                                     | Woori F&I Fifth Asset Securitization Specialty (*6)      |                        |                             | 92,500                 | 100.0                       | June 30                            |
| "                                     | Woori F&I Sixth Asset Securitization Specialty           | 98,780                 | 100.0                       | 98,780                 | 100.0                       | June 30                            |
| "                                     | Woori F&I Seventh Asset Securitization Specialty         | 105,300                | 100.0                       | 105,300                | 100.0                       | June 30                            |
| "                                     | Woori F&I Tenth Asset Securitization Specialty (*1)      | 278,020                | 100.0                       | 478,020                | 100.0                       | June 30                            |
| "                                     | Woori F&I Eleventh Asset Securitization Specialty (*7)   | 181,060                | 100.0                       |                        |                             | June 30                            |
| "                                     | Woori F&I Thirteenth Asset Securitization Specialty (*7) | 855,721                | 94.6                        |                        |                             | June 30                            |
| "                                     | Woori SB Tenth Asset Securitization Specialty            | 410,711                | 50.0+1stock                 | 410,711                | 50.0+1stock                 | June 30                            |
| Woori Investment Securities Co., Ltd. | Woori Futures Co., Ltd.                                  | 5,000,000              | 100.0                       | 5,000,000              | 100.0                       | June 30                            |
| "                                     | Woori Investment Securities (H.K.) Ltd.                  | 22,500,000             | 100.0                       | 22,500,000             | 100.0                       | June 30 (*9)                       |
| "                                     | LG Investments Holding B.V. (Amsterdam) GG               | 1,642,398,242          | 100.0                       | 1,642,398,242          | 100.0                       | June 30 (*9)                       |
| "                                     | MARS First Private Equity Fund                           | 18,000,000             | 52.9                        | 18,000,000             | 52.9                        | June 30 (*9)                       |
| "                                     | MARS Second Private Equity Fund (*8)                     | 25,066,666,670         | 8.9                         | 25,066,666,670         | 8.9                         | June 30 (*9)                       |
| "                                     | Connacht Capital Market Investment                       | 15,000,000             | 100.0                       | 15,000,000             | 100.0                       | June 30 (*9)                       |
| "                                     | Woori Investment Asia Pte. Ltd.                          | 50,000,000             | 100.0                       | 50,000,000             | 100.0                       | June 30 (*9)                       |
| "                                     | Woori Absolute Global Opportunity Fund (*2)              | 44,700                 | 100.0                       | 35,000                 | 100.0                       | June 30                            |



|   |   |            |       |            |       |                    |
|---|---|------------|-------|------------|-------|--------------------|
|   |   |            |       |            |       | (*9)               |
| "   | Woori Absolute Return<br>Investment Strategies<br>Fund (*5) | 30,000     | 100.0 |            |       | June<br>30<br>(*9) |
| "   | Bien Viet Securities<br>Joint Stock Company<br>(*7)         | 6,615,000  | 49.0  |            |       | June<br>30<br>(*9) |
| Woori, Kyongnam<br>& Kwangju Bank,<br>Woori Investment<br>Securities, Woori<br>F&I & Woori PE<br>Woori Private<br>Equity Fund | Woori Private Equity<br>Fund (*3)                           | 140,294    | 61.0  | 149,937    | 61.0  | June<br>30         |
| "   | Kumho Investment<br>Bank                                    | 74,550,000 | 41.4  | 74,550,000 | 41.4  | June<br>30<br>(*9) |
| "   | Woori Renaissance<br>Holdings                               | 1,260      | 51.6  | 1,260      | 51.6  | June<br>30         |
| "   | Phoenix Digital Tech<br>Co., Ltd.                           | 500,000    | 50.0  | 500,000    | 50.0  | June<br>30<br>(*9) |
| "   | Woori BK Co., Ltd.  | 1,000      | 100.0 | 1,000      | 100.0 | June<br>30<br>(*9) |
| Woori Private<br>Equity Fund &<br>Kumho Investment<br>Bank  | Sahn Eagles LLC (*7)  | 51,027,331 | 63.8  |            |       | Mar<br>31          |
| Woori Renaissance<br>Holdings   | UP Chemical Co., Ltd.<br>(*4)                               | 491,091    | 66.8  | 582,371    | 70.0  | June<br>30<br>(*9) |

(\*1) The investee decreased its capital in cash. As a result, the number of shares owned decreased.

(\*2) The investee increased its capital in cash. As a result, the number of shares owned increased.

(\*3) Equity investments decreased due to termination

refund.

(\*4) Percentages of ownership decreased due to stock repurchase.

(\*5) Woori Absolute Return Investment Strategies Fund was incorporated by Woori Investment Securities Co., Ltd. Since total capital stock as of its incorporation exceeded ₩10 billion, it has been consolidated.

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(\*6) Since total assets as of December 31, 2009 decreased to ₩10 billion, it has been deconsolidated and accounted for using the equity method as of January 1, 2010.

(\*7) Since total assets as of December 31, 2009 exceeded ₩10 billion, it has been consolidated as of January 1, 2010.

(\*8) As a General Partner of investee s company, Woori Investment Securities Co., Ltd. has a right to make investment decisions even though it holds less than 50% equity of Mars 2nd Private Equity Fund. Therefore, it has been consolidated.

(\*9) The unreviewed financial statements as of June 30, 2010 are used for the

consolidation.

- (3) General information pertaining to the Company's subsidiaries as of June 30, 2010 does not differ materially from that as of December 31, 2009.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Financial Statement Presentation**

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in shareholders' equity 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 ₩1,210.30 to US\$1.00 at June 30, 2010, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

The accounting policies, which have been adopted in preparing the accompanying non-consolidated financial statements, do not differ materially from those used in preparing the non-consolidated financial statements for the year ended December 31, 2009.

#### **(1) Accounting policy of consolidated tax return**

In accordance with the Korean Corporate Tax Act, the Company and its 100% owned subsidiaries adopted consolidated tax return from the year 2010. The Company recorded the consolidated tax payables on behalf of the subsidiaries and same amounts were recorded as other receivables to be collected from the subsidiaries.

**Table of Contents****3. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD OF ACCOUNTING**

(1) Changes in investment securities accounted for using the equity method of accounting for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

|                                | Jan. 1, 2010 | Gain (loss)<br>on<br>valuation<br>using<br>the equity<br>method<br>(*1) | Other<br>comprehensive<br>income (*1) | Dividends   | Other<br>increase<br>(decrease) | Jun. 30, 2010 |
|--------------------------------|--------------|---|---------------------------------------|-------------|---------------------------------|---------------|
| <2010>                         |              |   |                                       |             |                                 |               |
| Woori Bank                     | ₩ 13,621,824 | ₩ 487,355   | ₩ (213,476)                           | ₩ (286,148) | ₩ 1,776                         | ₩ 13,611,331  |
| Kyongnam Bank (*2)             | 1,443,661    | 60,073  | 1,302                                 | (58,050)    | (147)                           | 1,446,839     |
| Kwangju Bank                   | 976,284      | 76,048  | (5,398)                               | (18,580)    | (147)                           | 1,028,207     |
| WFIS                           | 15,013       | 2,908   |                                       |             |                                 | 17,921        |
| Woori F&I                      | 166,563      | 18,759  | 620                                   | (14,802)    | 1                               | 171,141       |
| Woori Investment<br>Securities | 754,782      | 51,332  | 758                                   | (16,214)    | (70)                            | 790,588       |
| Woori Asset<br>Management      | 67,456       | 2,360   |                                       | (9,326)     |                                 | 60,490        |
| Woori PE                       | 24,246       | 842   | 14                                    |             | (74)                            | 25,028        |
| Woori Financial                | 207,346      | (12,626)  | (21)                                  | (4,009)     |                                 | 190,690       |
| Woori Aviva                    | 72,903       | (5,801)   | 863                                   |             |                                 | 67,965        |
|                                | ₩ 17,350,078 | ₩ 681,250   | ₩ (215,338)                           | ₩ (407,129) | ₩ 1,339                         | ₩ 17,410,200  |

|                                | Jan. 1, 2009 | Gain (loss)<br>on valuation<br>using<br>the equity<br>method (*1) | Other<br>comprehensive<br>income (*1) | Dividends  | Other<br>increase<br>(decrease) | Dec. 31, 2009 |
|--------------------------------|--------------|---|---------------------------------------|------------|---------------------------------|---------------|
| <2009>                         |              |   |                                       |            |                                 |               |
| Woori Bank                     | ₩ 11,900,128 | ₩ 952,362   | ₩ 475,591                             | ₩ (2,455)  | ₩ 296,198                       | ₩ 13,621,824  |
| Kyongnam Bank                  | 1,245,318    | 191,438   | 6,653                                 |            | 252                             | 1,443,661     |
| Kwangju Bank                   | 920,938      | 61,980  | (6,886)                               |            | 252                             | 976,284       |
| WFIS                           | 13,076       | 1,935   | 2                                     |            |                                 | 15,013        |
| Woori F&I                      | 139,999      | 24,097  | (6,295)                               | (11,267)   | 20,029                          | 166,563       |
| Woori 3 <sup>rd</sup> SPC      |              | 38,328  | (8,692)                               |            | (29,636)                        |               |
| Woori Investment<br>Securities | 709,114      | 36,686  | 34,269                                | (25,479)   | 192                             | 754,782       |
| Woori Asset<br>Management      | 41,296       | 4,315   |                                       |            | 21,845                          | 67,456        |
| Woori PE                       | 12,844       | 1,320   | 103                                   |            | 9,979                           | 24,246        |
| Woori Financial                | 228,456      | (24,589)  | (1,085)                               | (1,275)    | 5,839                           | 207,346       |
| Woori Aviva                    | 74,187       | (2,498)   | 1,340                                 |            | (126)                           | 72,903        |
|                                | ₩ 15,285,356 | ₩ 1,285,374   | ₩ 495,000                             | ₩ (40,476) | ₩ 324,824                       | ₩ 17,350,078  |

(\*1) Gross amounts  
for the six  
months ended  
June 30, 2010  
and the year  
ended  
December 31,  
2009

(\*2) Contingent  
liabilities related  
to Kyongnam  
Bank's financial  
incident of  
₩105.5 billion  
(made up of  
provision for  
contingent  
liabilities of  
₩58.2 billion  
and  
₩47.3 billion of  
prior error  
corrections in  
non-operating  
expense) have  
been  
recognized.

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- (2) The details of other increase (decrease) for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

| <2010>                      | Capital surplus | Capital adjustment | Retained earnings | Total   |
|-----------------------------|-----------------|--------------------|-------------------|---------|
| Woori Bank                  | ₩ 1,026         | ₩ (1,556)          | ₩ 2,306           | ₩ 1,776 |
| Kyongnam Bank               | 167             | (314)              |                   | (147)   |
| Kwangju Bank                | 167             | (314)              |                   | (147)   |
| Woori F&I                   | 62              | (61)               |                   | 1       |
| Woori Investment Securities | 1,098           | (1,168)            |                   | (70)    |
| Woori PE                    | 84              | (158)              |                   | (74)    |
|                             | ₩ 2,604         | ₩ (3,571)          | ₩ 2,306           | ₩ 1,339 |

| <2009>                      | Capital surplus | Capital adjustment | Retained earnings | Other non-operating expenses | Acquisition/ Others | Total     |
|-----------------------------|-----------------|--------------------|-------------------|------------------------------|---------------------|-----------|
| Woori Bank                  | ₩ (895)         | ₩ 898              | ₩ (2,987)         | ₩ (818)                      | ₩ 300,000           | ₩ 296,198 |
| Kyongnam Bank               | 71              | 181                |                   |                              |                     | 252       |
| Kwangju Bank                | 71              | 181                |                   |                              |                     | 252       |
| Woori F&I                   | 34              | (5)                |                   |                              | 20,000              | 20,029    |
| Woori 3 <sup>rd</sup> SPC   |                 |                    |                   |                              | (29,636)            | (29,636)  |
| Woori Investment Securities | (13)            | 205                |                   |                              |                     | 192       |
| Woori Asset Management      | (26,005)        |                    |                   |                              | 47,850              | 21,845    |
| Woori PE                    | 34              | (55)               |                   |                              | 10,000              | 9,979     |
| Woori Financial             | 217             | 1,613              |                   |                              | 4,009               | 5,839     |
| Woori Aviva                 |                 |                    |                   |                              | (126)               | (126)     |
|                             | ₩ (26,486)      | ₩ 3,018            | ₩ (2,987)         | ₩ (818)                      | ₩ 352,097           | ₩ 324,824 |

- (\*) The variation of equity due to the additional acquisition, disposal of shares and paid in capital of Company's subsidiaries are accounted as capital surplus or capital adjustments.

- (3) The details of changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

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| <2010>                      | Jan. 1, 2010 | Acquisition | Amortization | Jun. 30, 2010 |
|-----------------------------|--------------|-------------|--------------|---------------|
| Woori F&I                   | ₩ 56         | ₩           | ₩ 2          | ₩ 54          |
| Woori Investment Securities | (2,223)      |             | (83)         | (2,140)       |
| Woori Financial             | 105,684      |             | 19,216       | 86,468        |
| Woori Aviva                 | 23,633       |             | 3,672        | 19,961        |
|                             | ₩ 127,150    | ₩           | ₩ 22,807     | ₩ 104,343     |

| <2009>                      | Jan. 1, 2009 | Acquisition | Amortization | Dec. 31, 2009 |
|-----------------------------|--------------|-------------|--------------|---------------|
| Woori F&I                   | ₩ 61         | ₩           | ₩ 5          | ₩ 56          |
| Woori Investment Securities | (2,245)      |             | (22)         | (2,223)       |
| Woori Financial             | 144,114      |             | 38,430       | 105,684       |
| Woori Aviva                 | 31,058       | (126)       | 7,299        | 23,633        |
|                             | ₩ 172,988    | ₩ (126)     | ₩ 45,712     | ₩ 127,150     |



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(4) The details of unrealized gain (loss) from transactions among subsidiaries for the six months ended June 30, 2010 are as follows (Korean won in millions):

|                             | Jan. 1, 2010 | Realized | Incurred  | Jun. 30, 2010 |
|-----------------------------|--------------|----------|-----------|---------------|
| Woori Bank                  | ₩ 4,175      | ₩ 12,100 | ₩ (5,765) | ₩ 10,510      |
| Kyongnam Bank               | 360          | 235      |           | 595           |
| Kwangju Bank                | 2,365        | 293      |           | 2658          |
| WFIS                        | 3,642        | (10)     |           | 3,632         |
| Woori F&I                   | 200          | (200)    |           |               |
| Woori Investment Securities | (122)        | 14       |           | (108)         |
| Woori Financial             | 424          | (93)     |           | 331           |
|                             | ₩ 11,044     | ₩ 12,339 | ₩ (5,765) | ₩ 17,618      |

(5) The market values of Woori Investment Securities and Woori Financial are ₩736,567 million (₩15,000 per share) and ₩83,660 million (₩9,390 per share), respectively, as of June 30, 2010.

**4. LOANS AND ALLOWANCE FOR POSSIBLE LOAN LOSSES**

Loans as of June 30, 2010 and December 31, 2009 are as follows (Korean won in millions):

|                                    | Issuance date | Maturity date | Annual interest rate (%) | 2010     | 2009      |
|------------------------------------|---------------|---------------|--------------------------|----------|-----------|
| Woori Financial                    | Nov. 3, 2008  | Oct. 19, 2010 | 5.47                     | ₩ 30,000 | ₩ 30,000  |
| "                                  | Nov. 10, 2008 | Oct. 19, 2010 | 5.47                     | 70,000   | 70,000    |
| Woori F&I                          | Mar. 27, 2009 | Mar. 27, 2012 | 6.80                     |          | 40,000    |
|                                    |               |               |                          | 100,000  | 140,000   |
| Allowance for possible loan losses |               |               |                          | (500)    | (700)     |
|                                    |               |               |                          | ₩ 99,500 | ₩ 139,300 |

**5. FIXED ASSETS**

(1) Changes in fixed assets for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

| <2010>                  | Jan. 1, 2010 | Acquisition | Disposition | Depreciation | Jun. 30, 2010 |
|-------------------------|--------------|-------------|-------------|--------------|---------------|
| Furniture and equipment | ₩ 256        | ₩ 3         | ₩           | ₩ 59         | ₩ 200         |
| Leasehold improvements  | 132          | 5           |             | 22           | 115           |
| Others                  | 27           |             |             |              | 27            |
|                         | ₩ 415        | ₩ 8         | ₩           | ₩ 81         | ₩ 342         |

| <2009>                  | Jan. 1, 2009 | Acquisition | Disposition | Depreciation | Dec. 31,<br>2009 |
|-------------------------|--------------|-------------|-------------|--------------|------------------|
| Furniture and equipment | ₩ 384        | ₩ 55        | ₩           | ₩ 183        | ₩ 256            |
| Leasehold improvements  | 155          | 19          |             | 42           | 132              |
| Others                  | 27           |             |             |              | 27               |
|                         | ₩ 566        | ₩ 74        | ₩           | ₩ 225        | ₩ 415            |

**Table of Contents****6. INTANGIBLE ASSETS**

(1) Changes in intangible assets for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

| <2010>                     | Jan. 1, 2010 | Acquisition | Amortization | Jun. 30, 2010 |
|----------------------------|--------------|-------------|--------------|---------------|
| Software                   | ₩ 2          | ₩           | ₩            | ₩ 2           |
| Industrial property rights | 6            | 19          | 4            | 21            |
|                            | ₩ 8          | ₩ 19        | ₩ 4          | ₩ 23          |

  

| <2009>                     | Jan. 1, 2009 | Acquisition | Amortization | Dec. 31, 2009 |
|----------------------------|--------------|-------------|--------------|---------------|
| Software                   | ₩ 3          | ₩           | ₩ 1          | ₩ 2           |
| Industrial property rights | 11           |             | 5            | 6             |
|                            | ₩ 14         | ₩           | ₩ 6          | ₩ 8           |

As of June 30, 2010 and December 31, 2009, accumulated amortization of software amounted to ₩35.4 million and ₩35.1 million, respectively, and accumulated amortization of industrial property rights amounted to ₩85.9 million and ₩82.4 million, respectively.

**7. OTHER ASSETS**

Other assets as of June 30, 2010 and December 31, 2009 are as follows (Korean won in millions):

|                               | 2010      | 2009     |
|-------------------------------|-----------|----------|
| Deposits refundable (Note 17) | ₩ 31,645  | ₩ 31,645 |
| Other receivables (Note 2)    | 78,795    | 81       |
| Accrued income (Note 17)      | 170       | 13       |
| Prepaid expenses              | 275       | 321      |
| Advance payments              | 1,392     |          |
| Intangible assets (Note 6)    | 23        | 8        |
|                               | ₩ 112,300 | ₩ 32,068 |

**Table of Contents****8. BORROWINGS AND DEBENTURES**

(1) Borrowings in local currency as of June 30, 2010 and December 31, 2009 are as follows (Korean won in millions):

| Lender       | Annual interest rate (%) | Maturity      | Line of credit | 2010 | 2009     |
|--------------|--------------------------|---------------|----------------|------|----------|
| Hana Bank    | CD(3M)+2.5               | Jul. 14, 2010 | ₩ 100,000      | ₩    | ₩ 50,000 |
| Kookmin Bank | 5.3                      | Jun. 17, 2010 | 150,000        |      | 10,000   |
|              |                          |               | ₩ 250,000      | ₩    | ₩ 60,000 |

(2) Debentures in local currency as of June 30, 2010 and December 31, 2009 are as follows (Korean won in millions):

|                              | Issuance date | Annual interest rate (%) | Maturity (*)  | 2010    | 2009      |
|------------------------------|---------------|--------------------------|---------------|---------|-----------|
| The 15th bonds               | Jun. 21, 2005 | 4.31                     | Jun. 21, 2010 | ₩       | ₩ 250,000 |
| The 18-1 <sup>st</sup> bonds | Aug. 30, 2007 | 5.71                     | Aug. 30, 2010 | 250,000 | 250,000   |
| The 18-2 <sup>nd</sup> bonds | Aug. 30, 2007 | 5.79                     | Aug. 30, 2012 | 250,000 | 250,000   |
| The 19-1 <sup>st</sup> bonds | Dec. 6, 2007  | 6.63                     | Dec. 6, 2010  | 130,000 | 130,000   |
| The 19-2 <sup>nd</sup> bonds | Dec. 6, 2007  | 6.63                     | Dec. 6, 2012  | 140,000 | 140,000   |
| The 20-1 <sup>st</sup> bonds | Apr. 14, 2008 | 5.67                     | Apr. 14, 2011 | 160,000 | 160,000   |
| The 20-2 <sup>nd</sup> bonds | Apr. 14, 2008 | 5.72                     | Apr. 14, 2013 | 170,000 | 170,000   |
| The 21 <sup>st</sup> bonds   | Jun. 24, 2008 | 6.55                     | Jun. 24, 2011 | 200,000 | 200,000   |
| The 22-1 <sup>st</sup> bonds | Sep. 25, 2008 | 7.24                     | Sep. 25, 2010 | 50,000  | 50,000    |
| The 22-2 <sup>nd</sup> bonds | Sep. 25, 2008 | 7.28                     | Sep. 25, 2011 | 250,000 | 250,000   |
| The 23-1 <sup>rd</sup> bonds | Dec. 9, 2008  | 7.96                     | Dec. 9, 2010  | 210,000 | 210,000   |
| The 23-2 <sup>nd</sup> bonds | Dec. 9, 2008  | 8.13                     | Dec. 9, 2011  | 530,000 | 530,000   |
| The 23-3 <sup>rd</sup> bonds | Dec. 9, 2008  | 8.19                     | Dec. 9, 2013  | 60,000  | 60,000    |
| The 25-1 <sup>st</sup> bonds | Mar. 24, 2009 | 5.24                     | Mar. 24, 2011 | 50,000  | 50,000    |
| The 25-2 <sup>nd</sup> bonds | Mar. 24, 2009 | 5.39                     | Mar. 24, 2012 | 100,000 | 100,000   |
| The 25-3 <sup>rd</sup> bonds | Mar. 24, 2009 | 5.70                     | Mar. 24, 2014 | 150,000 | 150,000   |
| The 26th bonds               | Mar. 31, 2009 | 6.36                     | Jan. 1, 2015  | 300,000 | 300,000   |
| The 27-1 <sup>st</sup> bonds | Jun. 15, 2009 | 5.43                     | Jun. 15, 2012 | 220,000 | 220,000   |
| The 27-2 <sup>nd</sup> bonds | Jun. 15, 2009 | 5.94                     | Jun. 15, 2014 | 80,000  | 80,000    |
| The 28-1 <sup>st</sup> bonds | Nov. 13, 2009 | 5.21                     | Nov. 13, 2012 | 60,000  | 60,000    |
| The 28-2 <sup>nd</sup> bonds | Nov. 13, 2009 | 5.43                     | Nov. 13, 2013 | 140,000 | 140,000   |
| The 29-1 <sup>st</sup> bonds | May. 20, 2010 | 4.45                     | May. 20, 2013 | 30,000  |           |

|                  |                  |      |                  |                    |                    |
|------------------|------------------|------|------------------|--------------------|--------------------|
| The 29-2nd bonds | May. 20,<br>2010 | 5.11 | May. 20,<br>2015 | 220,000            |                    |
|                  |                  |      |                  | 3,750,000          | 3,750,000          |
| Less: discounts  |                  |      |                  | (5,066)            | (5,844)            |
|                  |                  |      |                  | <b>₩ 3,744,934</b> | <b>₩ 3,744,156</b> |

(\* All debentures above are to be paid the total amount at maturity.

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

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate amounted to ₩2,741 million and ₩2,175 million as of June 30, 2010 and December 31, 2009, respectively.

The details of changes in the accrued severance benefits for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

|  | 2010    | 2009    |
|--|---------|---------|
| Beginning balance                          | ₩ 2,175 | ₩ 1,985 |
| Provision for severance benefits (Note 14) | 503     | 965     |
| Retirement benefits succession             | 400     | 18      |
| Retirement benefits payment                | (337)   | (793)   |
| Ending balance                             | ₩ 2,741 | ₩ 2,175 |

As of June 30, 2010 and December 31, 2009, the Company has enrolled post-retirement pension plan deposits at Woori Bank and the deposits amounting to ₩1,363 million and ₩1,414 million, respectively, are presented as a deduction from accrued severance benefits. As of June 30, 2010, post-retirement pension plan deposits consist of beneficiary certificates and time deposits amounting to ₩96 million and ₩1,267 million, respectively.

**10. OTHER LIABILITIES**

Other liabilities as of June 30, 2010 and December 31, 2009 are as follows (Korean won in millions):

|  | 2010      | 2009     |
|--|-----------|----------|
| Accrued severance benefits (Note 9)                    | ₩ 2,741   | ₩ 2,175  |
| Post-retirement pension plan deposits (Notes 9 and 17) | (1,363)   | (1,414)  |
| Other payables (Note 17)                               | 720       | 758      |
| Accrued expenses                                       | 18,403    | 18,069   |
| Income tax payable (Notes 2 and 12)                    | 78,794    |          |
| Deferred income tax credits (Note 12)                  | 54,048    |          |
| Withholdings   | 176       | 461      |
|  | ₩ 153,519 | ₩ 20,049 |

**11. SHAREHOLDERS EQUITY**

(1) The authorized shares and issued shares of common stock as of June 30, 2010 and December 31, 2009 are as follows:

|                                   | 2010          | 2009          |
|-----------------------------------|---------------|---------------|
| Authorized shares of common stock | 2,400,000,000 | 2,400,000,000 |
| Par value                         | ₩ 5,000       | ₩ 5,000       |
| Issued shares of common stock     | 806,015,340   | 806,015,340   |

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(2) The changes in the capital stock of the Company for the period from its incorporation to June 30, 2010 are as follows (Korean won in millions):

| Date           | Description  | Number of shares issued | Capital stock | Paid-in capital in excess of par value |
|----------------|--|-------------------------|---------------|--|
| March 27, 2001 | Establishment  | 727,458,609             | ₩ 3,637,293   | ₩                                      |
| June 12, 2002  | Issuance of new shares                                 | 36,000,000              | 180,000       | 58,645                                 |
| In 2002        | Exercise of warrants                                   | 4,356,188               | 21,781        |  |
| 2002.12.31     |  | 767,814,797             | 3,839,074     | 58,645                                 |
| In 2003        | Exercise of warrants                                   | 7,690,113               | 38,451        | (574)                                  |
| 2003.12.31     |  | 775,504,910             | 3,877,525     | 58,071                                 |
| In 2004        | Issuance of new shares                                 | 8,571,262               | 42,856        | 14,126                                 |
|                | Exercise of convertible bonds                          | 12,379,386              | 61,897        | 12,118                                 |
| 2004.12.31     |  | 796,455,558             | 3,982,278     | 84,315                                 |
| In 2005        | Exercise of convertible bonds                          | 9,559,782               | 47,799        | 24,710                                 |
|                | Acquisition of common shares of Woori Asset Management |                         |               | (24,537)                               |
| 2006.12.31     |  | 806,015,340             | 4,030,077     | 84,488                                 |
| 2010.06.30     |  | 806,015,340             | ₩ 4,030,077   | ₩ 84,488                               |

(3) Pursuant to Article 53 of the Financial Holding Company Act, legal reserves are appropriated at no less than one tenth of net income until reaching an amount equal to the Company's contributed capital, whenever dividends are declared.

(4) The Company held 2,560 shares of treasury stock as of June 30, 2010 and December 31, 2009.

(5) The changes in retained earnings from December 31, 2009 to June 30, 2010 are as follows (Korean won in millions):

|                 |   |             |
|-----------------|---|-------------|
| Balance         | December 31, 2009                                 | 2010        |
|                 |   | ₩ 1,023,885 |
| Appropriations: |   |             |
|                 | Dividend  | (80,601)    |
|                 | Legal reserve                                     | (102,603)   |
|                 | Voluntary reserve                                 | (840,000)   |
|                 | Increase by using the equity method of accounting | 2,306       |
|                 | Net income for the six months ended June 30, 2010 | 532,443     |

Balance June 30, 2010 ₩ 535,430

## 12. INCOME TAX EXPENSE

(1) Components of income tax expense for the six months ended June 30, 2010 is as follows (Korean won in millions):

| Description  | 2010     |
|--|----------|
| Income tax currently payable                                       | ₩ 54,048 |
| Changes in deferred income taxes due to temporary differences (*1) | (40,006) |
| Deferred income tax directly reflected to equity                   |          |
| Income tax expense   | ₩ 14,042 |
| (*1) Deferred income tax liabilities at the beginning of period    | ₩ 54,048 |
| Deferred income tax liabilities at the end of period               |          |
| Changes in deferred income taxes due to temporary differences      | ₩ 54,048 |



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(2) Reconciling items between income before income tax and taxable income for the six months ended June 30, 2010 are as follows (Korean won in millions):

|  |           |
|--|-----------|
| Description  | 2010      |
| Income before income tax   | ₩ 546,485 |
| Tax calculated at statutory tax rate (24.2% for the six months ended June 30, 2010 ) | 132,225   |
| Tax reconciliation items:  |           |
| Non-taxable income (₩347,432 million for the six months ended June 30, 2010)         | (84,063)  |
| Non-deductible expenses (₩18,689 million for the six months ended June 30, 2010)     | 4,522     |
| Changes of realizability for temporary differences                                   | 11,279    |
| Non-recognition of deferred income taxes from temporary differences                  | (49,027)  |
| Other  | (894)     |
| Income tax expense   | ₩ 14,042  |
| Effective tax rate   | 3%        |

(3) The changes in cumulative temporary differences and tax loss carry-forwards for the six months ended June 30, 2010 and the year ended December 31, 2009 are as follows (Korean won in millions):

| <2010>  | Jan. 1, 2010  | Decrease<br>(*1) | Increase<br>(*1) | Jun. 30, 2010 | Deferred tax<br>assets<br>(liabilities) |
|---|---------------|------------------|------------------|---------------|---|
| Investment securities (*2)  | ₩ (7,536,753) | ₩ (295,184)      | ₩ (701,983)      | ₩ (7,943,552) | ₩ (196,594)                             |
| Accrued expenses  | 2,043         | 2,043            | 2,952            | 2,952         | 714                                     |
| Accrued severance benefits  | 1,523         | 51               | 496              | 1,968         | 433                                     |
| Post-retirement pension plan deposits                             | (1,414)       | (51)             |                  | (1,363)       | (300)                                   |
| Depreciation  | 6             |                  |                  | 6             | 1                                       |
| Other comprehensive income due to the equity method of accounting | (1,390,564)   | (349,282)        | (2,604)          | (1,043,886)   | (229,655)                               |
| Carry-forwarded tax loss  | 508,147       | 266,417          |                  | 241,730       | 53,181                                  |
| Total   | ₩ (8,417,012) | ₩ (376,006)      | ₩ (701,139)      | ₩ (8,742,145) | ₩ (372,220)                             |
| Unrecognized amount (*3)  | (8,417,012)   |                  |                  | (8,670,222)   | (318,172)                               |
| Recognized amount   |               |                  |                  | (71,923)      | (54,048)                                |

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

(\*2) Based on the assumption that the temporary differences in

securities accounted for using the equity method of accounting would be realized by dividends.

(\*3) Deferred tax liabilities for the temporary differences in relation with equity method valuation of ₩ 8,911,952 million were not recognized since the Company is able to control the timing of the reversal of the temporary differences in investment securities accounted for using the equity method of accounting and it is almost probable that the temporary differences will not reverse in the foreseeable future. Also, deferred tax assets for tax-loss carry forward of ₩ 241,730 million were not recognized due to the uncertainty of utilizing such tax-loss carry forward.

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|   | Jan. 1, 2009  | Decrease<br>(*1) | Increase (*1) | Dec. 31, 2009 | Deferred tax<br>assets<br>(liabilities) |
|---|---------------|------------------|---------------|---------------|---|
| <2009>  |               |                  |               |               |   |
| Investment securities (*2)  | ₩ (6,334,148) | ₩ (70,710)       | ₩ (1,273,315) | ₩ (7,536,753) | ₩ (53,563)                              |
| Accrued expenses  | 1,820         | 1,820            | 2,043         | 2,043         | 494                                     |
| Accrued severance benefits  | 1,374         | 229              | 378           | 1,523         | 335                                     |
| Post-retirement pension plan<br>deposits                                | (1,209)       | (229)            | (434)         | (1,414)       | (311)                                   |
| Depreciation  | 10            | 4                | 1             | 7             | 2                                       |
| Dividend receivable   | 39,390        | 39,390           |               |               |   |
| Other comprehensive income<br>due to the equity method of<br>accounting | (910,340)     |                  | (480,224)     | (1,390,564)   | (12,400)                                |
| Gain on disposal of<br>investments using the equity<br>method           | 34,604        | 34,604           |               |               |   |
| Others  | 2             | 2                |               |               |   |
| Carry-forwarded tax loss  | 303,186       | 22,414           | 227,374       | 508,146       | 111,792                                 |
| Total   | ₩ (6,865,311) | ₩ 27,524         | ₩ (1,524,177) | ₩ (8,417,012) | ₩ 46,349                                |
| Unrecognized amount (*3)  | (8,417,012)   |                  |               | (8,417,012)   | 46,349                                  |
| Recognized amount   |               |                  |               |               |   |

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

(\*2) Based on the assumption that the temporary differences in securities accounted for using the equity method of accounting would be realized by dividends.

(\*3) Unless the Company sells

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

(4) Details of deferred tax directly reflected to equity for the six months ended June 30, 2010 is as follows:

| Description                          | Before tax  | Tax effect | After tax   |
|--------------------------------------|-------------|------------|-------------|
| Other capital surplus                | ₩ 97,605    | ₩ (22,483) | ₩ 75,122    |
| Capital adjustments of equity method | (57,753)    | (6,680)    | (64,433)    |
| Valuation using the equity method    | 1,004,077   | (10,843)   | 993,234     |
|                                      | ₩ 1,043,929 | ₩ (40,006) | ₩ 1,003,923 |

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

| Year incurred | Amount (*1) | Utilized | Expiration | Remaining | Expiration Date |
|---------------|-------------|----------|------------|-----------|-----------------|
| 2005          | ₩ 56,965    | ₩        | ₩          | ₩ 56,965  | Dec. 31, 2010   |
| 2008          | 12,562      |          |            | 12,562    | Dec. 31, 2013   |
| 2009          | 172,203     |          |            | 172,203   | Dec. 31, 2019   |
|               | ₩ 241,730   | ₩        | ₩          | ₩ 241,730 |                 |

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

(6) The Company recorded the consolidated tax payables amounting to ₩ 78,794 million on behalf of the subsidiaries.

**Table of Contents****13. STATEMENTS OF CASH FLOWS**

The significant transactions without cash flows for the six months ended June 30, 2010 and 2009 are as follows (Korean won in millions):

| Transactions  | 2010       | 2009     |
|---|------------|----------|
| Decrease in other capital surplus for the equity method of accounting                 | ₩ (19,878) | ₩        |
| Decrease in capital adjustments for the equity method of accounting                   | (10,251)   |          |
| Increase (decrease) in other comprehensive income for the equity method of accounting | (226,181)  | 169,966  |
| Increase (decrease) in retained earnings for the equity method of accounting          | 2,306      | (1,041)  |
| Increase in deferred income tax liabilities reflected to equity                       | 40,006     |          |
| Increase in dividend receivables  |            | (14,771) |

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses for the six months ended June 30, 2010 and 2009 are summarized as follows (Korean won in millions):

|   | 2010     | 2009     |
|---|----------|----------|
| Salaries, wages and bonuses (Note 17)             | ₩ 8,021  | ₩ 7,241  |
| Provision for severance benefits (Notes 9 and 17) | 503      | 421      |
| Fringe benefits                                   | 894      | 828      |
| Rent (Note 17)                                    | 548      | 532      |
| Entertainment                                     | 501      | 428      |
| Depreciation (Note 5)                             | 81       | 108      |
| Amortization (Note 6)                             | 4        | 3        |
| Taxes and dues                                    | 126      | 46       |
| Advertising                                       | 82       | 62       |
| Travel  | 348      | 200      |
| Telecommunications                                | 100      | 83       |
| Service fees (Note 17)                            | 1,533    | 1,488    |
| Suppliers   | 78       | 71       |
| Others (Note 17)                                  | 1,060    | 817      |
|   | ₩ 13,879 | ₩ 12,328 |

**Table of Contents****15. FINANCIAL INFORMATION OF SUBSIDIARIES**

(1) The condensed statements of financial position of subsidiaries as of June 30, 2010 are as follows (Korean won in millions):

|                             | Total assets  | Total liabilities | Total shareholders equity |
|-----------------------------|---------------|-------------------|---------------------------|
| Woori Bank                  | ₩ 234,632,961 | ₩ 221,012,071     | ₩ 13,620,890              |
| Kyongnam Bank               | 23,442,056    | 21,995,410        | 1,446,646                 |
| Kwangju Bank                | 16,327,130    | 15,301,940        | 1,025,190                 |
| WFIS                        | 214,142       | 199,853           | 14,289                    |
| Woori F&I                   | 852,621       | 664,557           | 188,064                   |
| Woori Investment Securities | 18,207,639    | 15,493,177        | 2,714,462                 |
| Woori Asset Management      | 82,127        | 21,637            | 60,490                    |
| Woori PE                    | 2,349,528     | 1,959,224         | 390,304                   |
| Woori Financial             | 2,360,893     | 2,145,900         | 214,993                   |
| Woori Aviva                 | 1,881,667     | 1,805,119         | 76,548                    |
| Total                       | ₩ 300,350,764 | ₩ 280,598,888     | ₩ 19,751,876              |

(2) The condensed statements of operations of subsidiaries for the six months ended June 30, 2010 are as follows (Korean won in millions):

|                              | Operating revenue | Operating expenses | Operating income (loss) | Income (loss) before income tax | Net income (loss) |
|------------------------------|-------------------|--------------------|-------------------------|---------------------------------|-------------------|
| Woori Bank                   | ₩ 14,951,815      | ₩ 14,366,965       | ₩ 584,850               | ₩ 579,797                       | ₩ 482,982         |
| Kyongnam Bank                | 890,488           | 762,371            | 128,117                 | 81,510                          | 59,993            |
| Kwangju Bank                 | 606,219           | 503,213            | 103,006                 | 100,404                         | 75,710            |
| WFIS                         | 143,147           | 139,259            | 3,888                   | 3,873                           | 2,919             |
| Woori F&I                    | 43,522            | 26,082             | 17,440                  | 25,609                          | 18,960            |
| Woori Investments Securities | 2,460,299         | 2,261,667          | 198,632                 | 203,563                         | 162,396           |
| Woori Asset Management       | 16,010            | 12,653             | 3,357                   | 2,971                           | 2,360             |
| Woori PE                     | 184,920           | 205,797            | (20,877)                | (14,944)                        | 1,211             |
| Woori Financial              | 135,810           | 120,791            | 15,019                  | 15,046                          | 11,261            |
| Woori Aviva                  | 490,823           | 495,086            | (4,263)                 | (4,266)                         | (3,275)           |
|                              | ₩ 19,923,053      | ₩ 18,893,884       | ₩ 1,029,169             | ₩ 993,563                       | ₩ 814,517         |

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(3) Significant liabilities and assets of the Company and its subsidiaries as of June 30, 2010 are summarized as follows (Korean won in millions):

## 1) Significant liabilities

|                             | Deposits      | Borrowings   | Debentures   | Total         |
|-----------------------------|---------------|--------------|--------------|---------------|
| Woori Finance Holdings      | ₩             | ₩            | ₩ 3,744,934  | ₩ 3,744,934   |
| Woori Bank                  | 157,900,863   | 18,569,915   | 26,619,801   | 203,090,579   |
| Kyongnam Bank               | 15,249,878    | 2,575,569    | 1,896,430    | 19,721,877    |
| Kwangju Bank                | 11,443,315    | 2,330,686    | 926,633      | 14,700,634    |
| WFIS                        |               | 69,100       |              | 69,100        |
| Woori F&I                   |               | 376,258      | 274,368      | 650,626       |
| Woori Investment Securities | 1,454,802     | 10,762,102   | 1,025,012    | 13,241,916    |
| Woori PE                    | 1,247,398     | 426,173      | 50,000       | 1,723,571     |
| Woori Financial             |               | 508,130      | 1,431,102    | 1,939,232     |
| Woori Aviva                 |               | 33,700       |              | 33,700        |
| Total                       | ₩ 187,296,256 | ₩ 35,651,633 | ₩ 35,968,280 | ₩ 258,916,169 |

## 2) Significant assets

|                             | Cash and due<br>from banks | Securities   | Loans         | Total         |
|-----------------------------|----------------------------|--------------|---------------|---------------|
| Woori Finance Holdings      | ₩ 194,870                  | ₩ 17,410,200 | ₩ 99,500      | ₩ 17,704,570  |
| Woori Bank                  | 19,470,326                 | 34,392,923   | 165,148,402   | 219,011,651   |
| Kyongnam Bank               | 1,332,215                  | 4,010,969    | 15,929,402    | 21,272,586    |
| Kwangju Bank                | 1,536,145                  | 3,395,511    | 10,726,311    | 15,657,967    |
| WFIS                        | 3,710                      | 107          |               | 3,817         |
| Woori F&I                   | 24,074                     | 120,251      | 495,436       | 639,761       |
| Woori Investment Securities | 3,069,515                  | 11,629,358   | 1,124,177     | 15,823,050    |
| Woori Asset Management      | 61,375                     | 302          | 1,207         | 62,884        |
| Woori PE                    | 264,120                    | 637,188      | 436,243       | 1,337,551     |
| Woori Financial             | 26,725                     | 11,998       | 2,222,043     | 2,260,766     |
| Woori Aviva                 | 190,105                    | 1,168,333    | 176,825       | 1,535,263     |
| Total                       | ₩ 26,173,180               | ₩ 72,777,140 | ₩ 196,359,546 | ₩ 295,309,866 |

(4) Loans subject to allowance for possible loan losses, allowance for possible loan losses and percentage of allowance to loans of each subsidiary as of June 30, 2010 are summarized as follows (Korean won in millions):

|                             | Loans subject to<br>allowance for<br>possible<br>loan losses | Allowance   | Percentage<br>of<br>allowance<br>to loans (%) |
|-----------------------------|--|-------------|---|
| Woori Bank                  | ₩ 168,937,750  | ₩ 3,789,348 | 2.2   |
| Kyongnam Bank               | 16,156,513   | 227,111     | 1.4   |
| Kwangju Bank                | 10,947,013   | 220,702     | 2.0   |
| Woori F&I                   | 506,978  | 11,542      | 2.3   |
| Woori Investment Securities | 1,215,822  | 91,645      | 7.5   |

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|                        |               |             |     |
|------------------------|---------------|-------------|-----|
| Woori Asset Management | 1,213         | 6           | 0.5 |
| Woori PE               | 470,756       | 34,513      | 7.3 |
| Woori Financial        | 2,273,673     | 51,630      | 2.3 |
| Woori Aviva            | 181,612       | 4,787       | 2.6 |
| Total                  | ₩ 200,691,330 | ₩ 4,431,284 | 2.2 |



**Table of Contents****16. PROPORTION OF INCOME FROM SUBSIDIARIES IN THE COMPANY'S NET INCOME**

Proportion of income from subsidiaries in the Company's net income for the three months ended June 30, 2010 and 2009 is as follows (Korean won in millions):

|  | 2010      | Ratio (%) | 2009      | Ratio (%) |
|--|-----------|-----------|-----------|-----------|
| Woori Bank   | ₩ 487,355 | 71.5      | ₩ 341,411 | 66.3      |
| Kyongnam Bank  | 60,073    | 8.8       | 98,892    | 19.2      |
| Kwangju Bank   | 76,048    | 11.2      | 35,991    | 7.0       |
| WFIS   | 2,908     | 0.4       | (237)     |           |
| Woori F&I  | 18,759    | 2.8       | 9,991     | 1.9       |
| Woori 3 <sup>rd</sup> SPC (*)  |           |           | (75)      |           |
| Woori Investment Securities  | 51,332    | 7.5       | 37,602    | 7.3       |
| Woori Asset Management   | 2,360     | 0.4       | 4,464     | 0.9       |
| Woori PE   | 842       | 0.1       | 1,177     | 0.2       |
| Woori Financial  | (12,626)  | (1.9)     | (15,037)  | (2.9)     |
| Woori Aviva  | (5,801)   | (0.8)     | 534       | 0.1       |
| Gain on valuation using the equity method of accounting, net of loss | 681,250   | 100.0     | 514,713   | 100.0     |
| Other income   | 4,877     |           | 8,397     |           |
| Other expenses   | 153,684   |           | 137,711   |           |
| Net income   | ₩ 532,443 |           | ₩ 385,399 |           |

(\*) Woori 3<sup>rd</sup> SPC was liquidated for the year ended December 31, 2009.

**17. TRANSACTIONS WITH RELATED PARTIES**

(1) The related parties of the Company as of June 30, 2010 are as follows:

|                           | Company name   |
|---------------------------|--|
| Majority shareholder      | Korea Deposit Insurance Corporation  |
| Consolidated subsidiaries | Woori Bank<br>Kyongnam Bank<br>Kwangju Bank<br>Woori Finance Information System Co., Ltd.<br>Woori F&I Co., Ltd.<br>Woori Investment Securities Co., Ltd.<br>Woori Asset Management Co., Ltd.<br>Woori Private Equity Co., Ltd.<br>Woori Financial Co., Ltd.<br>Woori Aviva Life Insurance Co., Ltd. |

Other affiliates

Woori Credit Information  
Woori America Bank  
PT. Bank Woori Indonesia  
Woori Global Market Asia Limited  
Woori Bank (China) Limited  
ZAO Woori Bank  
Woori AMC Co., Ltd.  
Woori F&I Sixth Asset Securitization Specialty  
Woori F&I Seventh Asset Securitization Specialty  
Woori F&I Tenth Asset Securitization Specialty  
Woori F&I Eleventh Asset Securitization Specialty  
Woori F&I Thirteenth Asset Securitization Specialty  
Woori SB Tenth Asset Securitization Specialty  
Woori Futures Co., Ltd.  
Woori Investment Securities (H.K.) Ltd.  
LG Investment Holding B.V.(Amsterdam) GG

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Company name

MARS First Private Equity Fund  
MARS Second Private Equity Fund  
Connacht Capital Market Investment  
Woori Investment Asia Pte. Ltd.  
Woori Absolute Global Opportunity Fund  
Bien Viet Securities Joint Stock Company  
Woori Absolute Return Investment Strategies Fund  
Woori Private Equity Fund  
Kumho Investment Bank  
Woori Renaissance Holdings  
Phoenix Digital Tech Co., Ltd.  
Woori BK Co., Ltd.  
Sahn Eagles LLC  
UP Chemical Co., Ltd.

(2) Assets and liabilities from transactions with the subsidiaries as of June 30, 2010 and December 31, 2009 are as follows (Korean won in millions):

|                 | 2010      | 2009      |                                     |
|-----------------|-----------|-----------|-------------------------------------|
| <Assets>        |           |           |                                     |
| Woori Bank      | ₩ 236,356 | ₩ 23,267  | Cash and bank deposits              |
|                 | 31,555    | 31,555    | Guarantee deposits                  |
|                 | 28        | 13        | Accrued income                      |
|                 | 1,303     | 1,414     | Post-retirement pension plan assets |
| Kyongnam Bank   | 58,050    |           | Cash and bank deposits              |
| Kwangju Bank    | 18,579    |           | Cash and bank deposits              |
|                 | 1         |           | Accrued income                      |
| Woori Financial | 100,000   | 100,000   | Loans                               |
| Woori F&I       |           | 40,000    | Loans                               |
|                 | ₩ 445,872 | ₩ 196,249 |                                     |
| <Liabilities>   |           |           |                                     |
| Woori Bank      | ₩ 187     | 246       | Other payables                      |
| WFIS            | 123       | 143       | Other payables                      |
|                 | ₩ 310     | ₩ 389     |                                     |

(3)

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Revenues and expenses from transactions with the subsidiaries for the six months ended June 30, 2010 and 2009 are as follows:

|                                       | 2010    | 2009    | Account                     |
|---------------------------------------|---------|---------|-----------------------------|
| <Revenues>                            |         |         |                             |
| Woori Bank                            | ₩ 123   | ₩ 1,809 | Interest income on deposits |
| Kyongnam Bank                         |         | 267     | Interest income on deposits |
| Kwangju Bank                          | 1       | 267     | Interest income on deposits |
| Woori Financial                       | 1,349   | 5,168   | Interest income on loans    |
| Woori F&I                             | 395     | 715     | Interest income on loans    |
|                                       | ₩ 1,868 | ₩ 8,226 |                             |
| <Expenses>                            |         |         |                             |
| Woori Bank                            | ₩ 182   | ₩ 364   | Rent                        |
| WFIS                                  | 501     | 60      | Fees                        |
| Woori Investment Securities Co., Ltd. |         | 4       | Fees                        |
|                                       | ₩ 683   | ₩ 428   |                             |

(4) The Company compensated standing or non-standing directors for ₩1,820 million of salaries and recorded ₩72 million of severance benefits for the six months ended June 30, 2010.

**Table of Contents****18. EARNINGS (LOSS) PER COMMON SHARE**

- (1) Basic net income (loss) per common share for the six months ended June 30, 2010 and 2009 is as follows (Korean won in millions, except for earnings per share data):

|  | 2010         |             | 2009         |             |
|--|--------------|-------------|--------------|-------------|
|  | Three months | Six months  | Three months | Six months  |
| Net income (loss) on common shares                   | ₩ (40,574)   | ₩ 532,443   | ₩ 223,126    | ₩ 385,399   |
| Weighted average number of common shares outstanding | 806,012,780  | 806,012,780 | 806,012,780  | 806,012,780 |
| Basic net income (loss) per common shares            | ₩ (50)       | ₩ 661       | ₩ 277        | ₩ 478       |

- (2) Net income per common share for the year ended December 31, 2009 and for the three months ended March 31, 2010 are ₩1,273 and ₩711, respectively.

**19. STATEMENTS OF COMPREHENSIVE INCOME**

Comprehensive income statements for the six months ended June 30, 2010 and 2009 are as follows (Korean won in millions):

|   | 2010      | 2009      |
|---|-----------|-----------|
| Net income  | ₩ 532,443 | ₩ 385,399 |
| Valuation using the equity method on subsidiaries | (226,181) | 169,966   |
| Comprehensive income                              | ₩ 306,262 | ₩ 555,365 |

**20. INSURANCE**

As of June 30, 2010, the Company has insurance for liability of reparation of directors with Samsung Fire & Marine Insurance Co., Ltd. The insurance coverage is ₩50,384 million. The Company also has insurance to cover for damage on premises, property and equipment with Samsung Fire & Marine Insurance Co., Ltd.

**21. SUBSEQUENT EVENTS**

- (1) Disposal plan of the Company

On July 31, 2010, the Public Fund Oversight Committee resolved a plan to sell the Company. It includes a spin-off plan of Kyongnam Bank and Kwangju Bank.

- (2) Acquisition of Hanmi Finance Corporation

In May 2010, the Company entered into a Securities Purchase Agreement with Hanmi Financial Corporation to acquire 175,000,000 newly issued shares of the acquiree's common stock for \$210 million. Subsequent to the approvals from regulators in both countries, Korea and United States of America, the Company obtains the control over the acquiree. Hanmi Financial Corporation is the holding company of Hanmi Bank, a California state chartered bank with 27 branches throughout California and one loan production office.

- (3) Capital increase of Woori Aviva Life Insurance Co., Ltd.

On July 23, 2010, the board of directors made a resolution for acquisition of 4,541,091 newly issued common shares of Woori Aviva Life Insurance Co., Ltd. amounting to ₩33 billion, 51% of 8,904,100 shares amounting to ₩65 billion.



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In accordance with the amendment to the Act on External Audit for Stock Companies, the Company is required to comply with Korean international financial reporting standard (K-IFRS) since January 1, 2011. From July 2007, the Company has processed the GAAP conversion toward K-IFRS by adopting systematic approach, such as analyzing IFRS impact on current accounting, establishing new accounting standards and financial reporting system, and simultaneously operating K-IFRS adopted financial reporting system and current reporting system.

In July 2008, the Company established the master transition plan toward K-IFRS, and is currently in the process of designing and implementing the new accounting framework and financial reporting system. The Company is to issue its financial statements under K-IFRS from 2011.

**(2) Differences between K-IFRS and K-GAAP which are significant to the Company**

Differences between K-IFRS and K-GAAP, which are significant to the Company, are summarized below. Such items being presented do not explain detailed impacts on financial statements which may vary with further analysis.

Presently, the Company could not estimate the financial impacts from key differences.

| Classification                          | K-IFRS   | Current accounting Standards   |
|---|--|--|
| Change of Consolidation Scope           | Exceeding 50% of the voting power, decision making capability and holding benefits and risks are conditional on the alternation of consolidation scope.  | Over 30% of shares owned, the biggest shareholder decision making are subject to the alternation, excluding special purpose entities subject to certain condition.   |
| Business Combinations                   | Acquisition method of accounting   | Purchase accounting or pooling interest method   |
| Evaluation of Goodwill                  | No amortization but impairment testing   | Amortization with straight line method within 20 years and impairment test   |
| Allowance for Bad Debts                 | The estimated impairment amount is adopted of which the reason is objectively supported. An impairment loss should be regarded as incurred and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition. | It provides an allowance for doubtful accounts to cover estimated losses on loan, based on rational and unbiased standards (It is the larger amount between the percentage of loan loss allowance established by the Financial Supervisory Commission and loan loss experience ratio on a loan.) |
| Classification of Financial Instruments | Financial instruments classify financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, loan and receivables.   | Securities are classified by trading securities, available-for-sale securities and held-to-maturity securities. Otherwise, deposits and derivatives are separately categorized.  |
|   | The fair-value evaluation reflects credit risks.   |  |

Measurement of Financial Instruments

The fair-value evaluation is targeted to trading securities, available-for-sale securities and derivatives, which are limited, the reflection of credit risk is not explicitly mentioned.

Derecognition of Financial Assets

A financial asset is derecognized when, and when only, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition. The decision whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests.

The disposal of financial assets is contingent on the risks and rewards of ownership of the financial assets, and whether it has retained control of the financial assets. However, some particular transactions like the asset backed method are recognized as disposal.



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| Classification                                       | K-IFRS   | Current accounting Standards  |
|--|--|---|
| Classification of Capital                            | Capital is categorized by contents of the contract rather than the legal forms.  | Capital is classified as a legal capital which shareholders paid.   |
| Classification of Investment Property                | Property (land or building) to earn rentals is treated as investment property.   | Property (land or building) to earn rentals is treated as tangible assets.  |
| Evaluation of Tangible Asset and Investment Property | In accordance with asset classifications, the asset cost method and asset revaluation reserves are selected as alternative. In addition, cost method is a selective option. However, the Company can use fair value as deemed cost for the convertible basic price of an item of land and buildings. | In accordance with asset classifications, the asset cost method and asset revaluation reserves are selected as alternative. In addition, cost method is a selective option. |
| Measurement of Accrued Severance Benefits            | In accordance with the concept of estimated accumulation rate per unit using the actuarial technique and discount rate, calculate for current value of the estimated amount of severance pay, and the outcome is applied as the liability of the amount of severance pay.                            | In accordance with the Company's policy, all employees with more than one year of service are entitled to receive severance benefit payments upon termination.              |

**23. 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.

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**SIGNATURES**

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

Woori Finance Holdings Co., Ltd.

(Registrant)

Date: August 16, 2010

By: /s/ Woo Seok Seong

(Signature)

Name: Woo Seok Seong

Title: General Manager