

WOORI FINANCE HOLDINGS CO LTD

Form 20-F

June 25, 2010

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As filed with the Securities and Exchange Commission on June 25, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

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

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number 001-31811

**Woori Finance Holdings Co., Ltd.
(Exact name of Registrant as specified in its charter)**

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

The Republic of Korea
(Jurisdiction of incorporation or organization)

203 Hoehyon-dong, 1-ga, Chung-gu, Seoul 100-792, Korea
(Address of principal executive offices)

Woo Seok Seong
203 Hoehyon-dong, 1-ga, Chung-gu, Seoul 100-792, Korea
Telephone No.: +82-2-2125-2110
Facsimile No.: +82-2-2125-2293

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

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

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing three shares of Common Stock	New York Stock Exchange
Common Stock, par value ₩5,000 per share	New York Stock Exchange*

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

None

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

None

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

806,012,780 shares of Common Stock, par value ₩5,000 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting
Standards as issued
by the International Accounting Standards
Board

Other

If "other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

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

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless indicated otherwise, the financial information in this annual report as of and for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 has been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP.

On October 26 and December 24, 2004, we acquired an aggregate 27.3% voting interest in LG Investment & Securities, or LGIS. As a result of the acquisition, LGIS became an equity method investee as of December 24, 2004. On March 31, 2005, we merged Woori Securities, our wholly-owned subsidiary, into LGIS and renamed the surviving entity Woori Investment & Securities, which became an equity method investee. In April 2008, we acquired a 51.0% interest in LIG Life Insurance, and entered into a joint venture agreement with Aviva International Holdings Limited in connection with this acquisition. LIG Life Insurance was subsequently renamed Woori Aviva Life Insurance and became an equity method investee as of April 2008.

In this annual report:

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

references to Korea are to the Republic of Korea;

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

references to Won ~~₩~~ W are to the currency of Korea; and

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

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

For your convenience, this annual report contains translations of Won amounts into U.S. dollars at the noon buying rate of the Federal Reserve Bank of New York for Won in effect on December 31, 2009, which was ₩1,163.7 = US\$1.00.

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FORWARD-LOOKING STATEMENTS

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

Words and phrases such as aim, anticipate, assume, believe, contemplate, continue, estimate, expect, intend, may, objective, plan, positioned, predict, project, risk, seek to, shall, should, will like and words and terms of similar substance used in connection with any discussion of future operating or financial performance or our expectations, plans, projections or business prospects identify forward-looking statements. In particular, the statements under the headings Item 3D. Risk Factors, Item 5. Operating and Financial Review and Prospects and Item 4B. Business Overview regarding our financial condition and other future events or prospects are forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In addition to the risks related to our business discussed under Item 3D. Risk Factors, other factors could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to:

- our ability to successfully implement our strategy;
- future levels of non-performing loans;
- our growth and expansion;
- the adequacy of allowance for credit and investment losses;
- technological changes;
- interest rates;
- investment income;
- availability of funding and liquidity;
- our exposure to market risks; and
- adverse market and regulatory conditions.

By their nature, certain disclosures relating to these and other risks are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our income or results of operations could materially differ from those that have been estimated. For example, revenues could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

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

general economic and political conditions in Korea or other countries that have an impact on our business activities or investments;

the monetary and interest rate policies of Korea;

inflation or deflation;

unanticipated volatility in interest rates;

foreign exchange rates;

prices and yields of equity and debt securities;

the performance of the financial markets in Korea and globally;

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changes in domestic and foreign laws, regulations and taxes;
changes in competition and the pricing environment in Korea; and
regional or general changes in asset valuations.

For further discussion of the factors that could cause actual results to differ, see the discussion under Item 3D. Risk Factors contained in this annual report. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this annual report. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable

Item 3. KEY INFORMATION

Item 3A. *Selected Financial Data*

Unless otherwise indicated, the selected consolidated financial and operating data set forth below as of and for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements, which have been prepared in accordance with U.S. GAAP and audited by Deloitte Anjin LLC, an independent registered public accounting firm.

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

Table of Contents**Consolidated Income Statement Data**

	Year ended December 31,						2009 ⁽²⁾ (in millions of US\$ except per share data)
	2005 ⁽¹⁾	2006	2007	2008	2009		
(in billions of Won except per share data)							
Interest and dividend income	₩ 7,209	₩ 9,365	₩ 12,192	₩ 15,553	₩ 13,273	US\$ 11,406	
Interest expense	3,727	5,465	7,656	10,402	8,586	7,378	
Net interest income	3,482	3,900	4,536	5,151	4,687	4,028	
Provision for loan losses	308	509	219	1,608	2,408	2,069	
Provision for credit-related commitments (reversal of provision) ⁽³⁾	(39)	107	(54)	157	44	38	
Other provision ⁽⁴⁾	17	36	36	71	103	88	
Non-interest income	1,916	2,424	2,222	1,307	3,452	2,966	
Non-interest expense	2,933	3,098	3,467	4,136	4,093	3,517	
Income tax expense	366	620	837	358	379	326	
Net income ⁽⁵⁾	1,813	1,954	2,253	128	1,112	956	
Net income attributable to the noncontrolling interest	7	3	11	(22)	(23)	(19)	
Net income attributable to stockholders	1,806	1,951	2,242	150	1,135	975	
Other comprehensive income (loss), net of tax	106	477	(143)	(139)	(158)	(136)	
Comprehensive income (loss)	1,919	2,431	2,110	(11)	954	820	
Comprehensive income (loss) attributable to the noncontrolling interest	7	3	14	(20)	(20)	(17)	
Comprehensive income (loss) attributable to stockholders	₩ 1,912	₩ 2,428	₩ 2,096	₩ 9	₩ 974	US\$ 837	

Per common share data:												
Net income (loss) per share basic	₩	2,245	₩	2,420	₩	2,781	₩	187	₩	1,408	US\$	1.21
Income (loss) per share before extraordinary items basic		2,245		2,420		2,781		187		1,408		1.21
Weighted average common shares outstanding basic (in thousands)		804,389		806,013		806,000		805,927		806,013		806,013
Net income (loss) per share diluted ⁽⁶⁾	₩	2,241	₩	2,420	₩	2,781	₩	187	₩	1,408	US\$	1.21
Income (loss) per share before extraordinary items diluted		2,241		2,420		2,781		187		1,408		1.21
Weighted average common shares outstanding diluted (in thousands)		805,866		806,013		806,000		805,927		806,013		806,013
Cash dividends paid per share ⁽⁷⁾	₩	400	₩	600	₩	250	₩		₩	100	US\$	0.09

(1) On October 26 and December 24, 2004, we acquired an aggregate 27.3% voting interests in LGIS. As a result of the acquisition, LGIS became an equity method investee as of December 24, 2004. On March 31, 2005, we merged Woori Securities, our wholly-owned

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subsidiary, into LGIS and renamed the surviving entity Woori Investment & Securities, which became an equity method investee. Accordingly, income statement data for 2005 reflect the three-month results of operations of Woori Securities (prior to its merger with LGIS), as a consolidated subsidiary, and the three-month results of operations of LGIS (prior to the merger) and the nine-month results of operations of Woori Investment & Securities (following the merger), each as an equity method investee.

- (2) Won amounts are expressed in U.S. dollars at the rate of ₩1,163.7 to US\$1.00, the noon buying rate in effect on December 31, 2009 as quoted by the Federal Reserve Bank of New York in the United States.
- (3) The reversal of provisions in 2005 and 2007 resulted from subsequent changes in our estimation of losses related to our credit-related commitments. We determined in 2005 and 2007 that a portion of our allowances for losses on credit-related commitments were no longer needed, and accordingly reversed the related portions of the provisions we had initially allocated during the year.
- (4) Mainly consists of provisions relating to (a) trade receivables and (b) repurchase obligations with respect to loans sold to the Korea Asset Management Corporation. In 2007, 2008 and 2009, we did not have any provisions relating to r