



Interim Report September 30, 2001



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Board of Directors and Staff

BOARD OF DIRECTORS

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Erwin Vogt

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STAFF OZ BANKERS AG

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Daniel Reptsis

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Thomas Wenger

Report of the Board of Directors of OZ Holding

DEAR SHAREHOLDERS

OZ Group reports a consolidated loss of 56.3 million francs for the first nine months of 2001 (previous year's period: 151.4 million profit), equaling a loss of 13.42 francs per share (35.03 profit). On September 30, 2001, shareholders' equity amounted to 191 million francs after dividend payments of 13 million and stock buybacks of 38 million in the first quarter. On December 31, 2000, shareholders' equity had amounted to 306 million francs. On the basis of 4,198,870 shares now outstanding, equity per share was 45 francs on September 30, 2001 (December 31, 2000: 71).

The losses in the first nine months of 2001 were mainly due to the negative stock market trend. The Swiss Performance Index, for instance, lost more than 27% from the beginning of the year to the end of September. Investment of own funds and market making resulted in a loss of 95.5 million francs in the first nine months. The decrease in the value of the OM participation alone accounted for a loss of 46.0 million. The exceptional profit of 127.7 million francs in the first nine months of the year 2000 had, to a considerable degree, resulted from the very positive development of the OM participation during that period.

Commission income reached 37.5 million francs in the first nine months 2001 (previous year's period: 41.4 million). Despite a difficult environment, commission income is only 9% below budget. With 58 new options, our issuing activity was again successful. Financial income improved by 1.2 million to 6.1 million francs compared to the first nine months of 2000.

Administrative expenses increased by close to 0.6 million to 3.3 million francs in the first nine months of 2001. Both personnel and financial expenses were slightly higher than in the first nine months of 2000. Commissions paid declined by nearly 0.2 million to 2.9 million francs, while tax expenses fell to minus 4.0 million francs due to the release of accrued taxes on the OM participation.

The stock split that was approved by the general meeting was carried out on July 16, 2001. Each bearer share with a par value of 10 francs was split into 10 bearer shares with a par value of 1 franc each. The share capital therefore remains unchanged at 4,198,870 francs, divided after the split into 4,198,870 shares with a par value of 1 franc each.

Pfäffikon, October 12, 2001

For the Board of Directors



Bernhard E. Flotron, Chairman

Current Topic: Covered Options – Added Value for Stock Portfolios

There are more than 1000 options listed on the SWX Swiss Exchange, most of them dynamically hedged. In the case of these dynamically hedged options, transactions arising from options trading are secured by countertrades in shares or other options. This safeguards the rights of the options owners and allows the market makers to minimize their risk.

Another interesting category, however, are the so-called covered options. A covered option transaction consists of two parts: the purchase of the underlying securities and the concurrent sale of call options on these shares. Covered options are based on a contract between the issuing bank and the seller (writer) of the options. The options involved are always call options. Based on this contract, the writer of the options deposits an equal number of shares in a blocked account; the issuer of the options, in turn, has a claim on these shares so he can deliver the titles if and when the options are exercised. If the options are not used, the writer will get his shares back when the options expire. If he wants his shares back before they expire – e.g. if the market environment changes – he can buy the necessary options on the market and sell them to the issuer who will then release him from his contractual obligations.

The writer of the options remains shareholder of the underlying shares' company and will therefore receive the dividends. On the other hand, he must deliver his shares if the owner of the options exercises his rights. The earnings potential of an options writer is limited to the options' strike price. In return, he will get a premium from the sale of the options. He will not lose this amount no matter in which direction the shares move.

Writer strategies are perfect for investors who believe in a further rise in the price of their shares but who are willing to sell them if they reach a certain level. They will improve their overall return by the premium they receive for selling options on their shares. If share prices fall, part of the decline is compensated by this premium. Depending on the exact nature of an options strategy, it is possible, for instance, to avoid a loss if the share price falls up to 7% while participating fully up to a price hike of up to 20%.

The comparison of a writer portfolio with the Swiss stock market yields interesting results:

Model Portfolio vs. Swiss Performance Index

The comparison of historical data of risk and return between a model portfolio including covered options and the performance of the Swiss stock market as measured by the Swiss Performance Index shows how substantially the risk-return relationship of a stock portfolio can be improved by adding covered options.

	Model Portfolio	SPI
Performance Jan. 1, 1999 - Sep. 10, 2001	5.2%	-5.8%
Performance annualized	1.9%	-2.2%
Volatility	10.3%	15.0%
Biggest daily gain	2.9%	3.5%
Biggest daily loss	-3.5%	-5.2%

In other words: Covered options are an excellent means to improve the relationship between risk and return compared to a pure stock portfolio. Under normal circumstances, therefore, adding options to a portfolio results in a clear added value. The “risk” is mainly the fact that gains are limited if the share price soars.

Of course absolute investment success cannot be guaranteed with an options strategy either. Risk in the form of undesired price swings, however, can be lowered substantially – and without unduly limiting upward potential. Consequently, investors who are interested in a sustainable improvement in their investments’ performance with low volatility should take a closer look at the possibilities options strategies have to offer.



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2000 CHF	Sep. 30, 2001 CHF
CURRENT ASSETS			
Due from banks		109,257,147	120,289,476
Due from clients		53,247	16,895,184
Trading securities		451,198,434	375,363,286
Accrued and deferred items		1,149,306	5,986,512
Total current assets		561,658,134	518,534,458
FIXED ASSETS			
Financial investments	1	65,876,949	18,220,006
Total fixed assets		65,876,949	18,220,006
TOTAL ASSETS		627,535,083	536,754,464

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2000 CHF	Sep. 30, 2001 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		81,898,756	95,295,653
Due to clients		104,660,145	82,724,944
Due from trading		104,263,669	151,549,610
Accrued and deferred items		26,492,362	16,310,460
Total current liabilities		317,314,932	345,880,667
<i>Long-term</i>			
Deferred taxes		3,963,083	0
Total long-term liabilities		3,963,083	0
Total liabilities		321,278,015	345,880,667
SHAREHOLDERS' EQUITY			
Share capital	2	4,321,470	4,198,870
Reserves		301,935,598	186,674,927
Total shareholders' equity		306,257,068	190,873,797
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		627,535,083	536,754,464

Income Statement Third Quarter

	Notes	July 1 - Sep. 30 2000 CHF	July 1 - Sep. 30 2001 CHF
INCOME			
Income from securities	5	7,692,625	- 50,729,652
Financial income		877,312	1,018,144
Commission income		15,222,577	10,811,156
Total income		23,792,514	- 38,900,352
EXPENSES			
Administrative expenses		572,466	717,926
Personnel expense		401,628	481,510
Financial expense		199,152	177,883
Commission expense		1,143,572	788,347
Profit / loss before tax		21,475,696	- 41,066,018
Taxes		2,028,659	- 2,108,427
PROFIT / LOSS JULY 1 - SEPTEMBER 30		19,447,037	- 38,957,591
Profit per share	6	4.44	- 9.23

Income Statement Accumulated

	Notes	Jan 1. - Sep. 30 2000 CHF	Jan. 1 - Sep. 30 2001 CHF
INCOME			
Income from securities	5	127,672,965	- 95,482,934
Financial income		4,937,061	6,114,091
Commission income		41,438,277	37,524,315
Total income		174,048,303	- 51,844,528
EXPENSES			
Administrative expenses		2,719,234	3,352,108
Personnel expense		1,176,974	1,352,500
Financial expense		812,148	914,587
Commission expense		3,038,146	2,852,454
Profit / loss before tax		166,301,801	- 60,316,176
Taxes		14,913,170	- 3,983,986
PROFIT / LOSS JANUARY 1 - SEPTEMBER 30		151,388,631	- 56,332,190
Profit / loss per share	6	34.80	- 13.36

Cash Flow Statement

	Notes	Jan. 1 – Sep. 30 2000 CHF	Jan. 1 – Sep. 30 2001 CHF
Profit		151,388,631	- 56,332,190
(Decrease) increase in valuation adjustments and provisions		2,613,877	- 3,963,083
(Increase) decrease in accrued and deferred items (asset side)		110,377	- 4,837,206
(Decrease) increase in accrued and deferred items (liability side)		10,288,546	- 10,181,902
(Increase) decrease in amounts due from banks		- 241,051,407	- 41,093,000
(Increase) decrease in trading securities		- 118,651,236	123,121,088
(Decrease) increase in amounts due to clients		71,577,307	- 21,935,201
(Increase) decrease in amounts due from clients		- 5,793,960	- 16,841,936
Net cash flow provided / used by operating activities		- 129,517,865	- 32,063,429
(Payments) receipts for financial investments	1	- 13,883,123	47,656,942
Net cash flow used / provided by investment activities		- 13,883,123	47,656,942
Repayment of shareholders' equity		- 37,491,300	- 38,006,000
Change in own shares		2,547,420	- 8,080,671
Dividends		- 13,500,000	- 12,964,410
Net cash flow used by financing activities		- 48,443,880	- 59,051,081
(Decrease) increase in "Banks at Sight"		- 191,844,868	- 43,457,568
"Banks at Sight" on January 1		91,442,838	- 7,141,609
"Banks at Sight" on September 30		- 100,402,030	- 50,599,177

"Banks at Sight" consists of amounts due from banks less amounts due to banks.

Statement of Changes in Equity

	Share capital	Capital reserves	Consolidated reserves	Own shares	Total shareholders' equity
	CHF	CHF	CHF	CHF	CHF
Position at Jan. 1, 2000	4,500,000	2,074,898	235,349,994	- 815,451	241,109,441
Dividend payment			- 13,500,000		- 13,500,000
Capital repayment	- 178,530		- 37,312,770		- 37,491,300
Annual profit			112,301,749		112,301,749
Change in own shares		3,031,727		805,451	3,837,178
Position at Dec. 31, 2000	4,321,470	5,106,625	296,838,973	- 10,000	306,257,068
Dividend payment			- 12,964,410		- 12,964,410
Capital repayment	- 122,600		- 37,883,400		- 38,006,000
Loss Jan. 1 - Sep. 30, 2001			- 56,332,190		- 56,332,190
Change in own shares		- 7,380,671		- 1,790,000	- 8,080,671
Position at Sep. 30, 2001	4,198,870	- 2,274,046	189,658,973	- 710,000	190,873,797

Notes

COMMENT ON BUSINESS ACTIVITY

Through OZ Bankers AG, OZ Group specializes in the Swiss equity market, specifically the market for options. The services include trading in Swiss securities as well as investment consulting, asset management and issuing warrants.

BASIC ACCOUNTING PRINCIPLES

The consolidated financial statements are based on the individual financial statements of the group companies, prepared on a uniform basis. The accounting of OZ Group is in accordance with the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC). Financial investments are prepared according to the standard for the recognition and measurement of financial investments (IAS 39). IAS 39 was applied ahead of time, starting January 1, 1999.

CONSOLIDATED COMPANIES

The following company was included in the consolidation of OZ Holding, Freienbach SZ:

OZ Bankers AG, Freienbach SZ

Share capital of OZ Bankers AG: CHF 20,000,000

Percentage held: 100.0%

Notes

	Dec. 31, 2000 CHF	Sep. 30, 2001 CHF
1. FIXED ASSETS		
Financial investments (OM AB)		
Market value	65,876,949	18,220,006
At cost	19,252,442	19,192,732
Percentage held	1.94%	1.89%
Property and equipment		
Since holdings of property and equipment are negligible, no details are given.		
2. SHARE CAPITAL		
Number of bearer shares issued	432,147	4,198,870 ²⁾
Share capital ¹⁾	4,321,470	4,198,870 ²⁾
Par value per share	10	1
Shareholders' equity per share ³⁾	71	45
On July 16, 2001, the bearer share was split 1:10.		
3. OWN SHARES		
Number of bearer shares	40	2,845 ⁴⁾
Reserve for own shares	10,000	710,000
Shares repurchased for capital reduction	0	0

1) Own shares held in the nostro account were not offset against share capital.

2) Based on the resolution passed by the general meeting on February 21, 2001, the share capital was reduced by CHF 122,600 by canceling 12,260 shares.

3) Prior to appropriation of profit and after capital repayment.

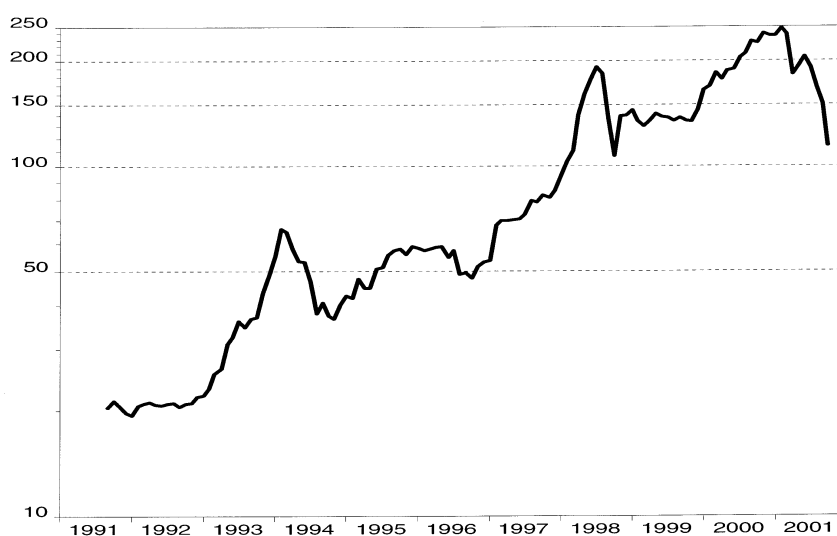
4) During the reporting period, 711,813 shares were repurchased at a price of CHF 211.15 each and 709,008 shares were sold at CHF 201.64 each (average prices).

	Dec. 31, 2000	Sep. 30, 2001
4. SHAREHOLDER STRUCTURE		
Shareholders holding more than 5% of the share capital		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	5.09%	5.24%
Zürcher Kantonalbank, Zurich	5.21%	5.36%
Bâloise Holding, Basel	5.32%	5.48%
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	14.64%	15.07%
OZ directors and staff (shares and stock options)	28.53%	27.13%
	Jan. 1 – Sep. 30 2000 CHF	Jan. 1 – Sep. 30 2001 CHF
5. INCOME FROM SECURITIES		
Income from securities	21,613,604	– 49,452,368
Income from financial investments	106,059,361	– 46,030,566
Total income from securities	127,672,965	– 95,482,934
6. PROFIT PER SHARE		
Profit per share: group profit divided by the number of outstanding bearer shares.		
Profit / loss	151,388,631	– 56,332,190
Outstanding bearer shares (weighted)	4,351,225	4,219,303
minus own shares	1,500	2,845
Outstanding bearer shares for calculation	4,349,725	4,216,458
Profit / loss per share	34.80	– 13.36
There are no instruments outstanding that would dilute profit per share.		
	Dec. 31, 2000 CHF	Sep. 30, 2001 CHF
7. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	0	0
Due from banks	26,722,149	0
8. POST-BALANCE-SHEET EVENTS		
There are no post-balance-sheet events to report.		

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to September 30, 2001, in CHF



Source: DATASTREAM

Source: Datastream

Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average performance of 19.5%. For comparison: Over the same period Swiss bank shares rose 14.8% on average while the Swiss Market Index gained 13.5%.

OZI closing price on Dec. 31, 2000	235
OZI closing price on Sep. 28, 2001	115
Year's high on February 8, 2001	252.50
Year's low on September 21, 2001	100
Dividend paid per share for the 2000 fiscal year	3
Dividend yield (closing price on Sep. 28, 2001)	2,6%
Reuters symbol	OZZH.S

On July 16, 2001, the bearer share was split 1:10.

Outstanding Options (as at September 30, 2001)

Symbol	Number	Underlying	Strike Price (CHF)	Maturity Date	Ratio	Capitalization of Underlyings (million CHF)
SMEPU-PUT	4,500,000	SMEN	450	10-19-2001	1/50	8
CLNOZ-PUT	2,000,000	CLN	55	11-16-2001	1/2	24
RUKIA	2,500,000	RUKN	184.55	11-16-2001	1/5	80
RUKPT-PUT	1,100,000	RUKN	159.65	11-16-2001	1/5	35
GURU	3,800,000	GUR	1,468	11-21-2001	1/200	19
HERDE	2,960,000	HER	200	11-21-2001	1/20	27
CFTOZ	1,500,000	CFT	130	12-14-2001	1/5	36
JELOZ-PUT	3,000,000	JEL	2,450	12-14-2001	1/100	50
GIGOZ	2,050,000	GIGN	160	12-18-2001	1/20	1
BOBUL	1,800,000	BOB	2,286	12-19-2001	1/200	18
BUCHE	1,000,000	BUC	1,600	12-19-2001	1/50	27
EICHE	1,700,000	EIN	1,851	12-19-2001	1/100	13
SAKIR	880,000	SAKN	2,200	12-19-2001	1/100	12
VALKO	850,000	VALN	500	12-19-2001	1/10	22
VALOP *	2,605,000	VALN	385	12-19-2001	1/10	68
BIOOZ-PUT	2,500,000	BIO	150	12-21-2001	1/10	24
RANOZ-PUT	5,000,000	RAN	1,295	12-21-2001	1/100	34
RANPU-PUT	6,900,000	RAN	1,096	12-21-2001	1/100	47
RIEPU-PUT	4,500,000	RIEN	475	12-21-2001	1/100	16
ROGOZ	10,000,000	ROG	175	12-21-2001	1/20	58
ROSA	15,000,000	RO	150	12-21-2001	1/10	182
ASKIU *	258,000	ASKN	1,600	01-16-2002	1/20	5
ZEHKE	1,500,000	ZEH	1,200	01-16-2002	1/50	24
HEPSI	2,500,000	HEPN	422	02-20-2002	1/25	24
ADEL	7,000,000	ADEN	85	03-15-2002	1/10	39
ADEPU-PUT	7,000,000	ADEN	100	03-15-2002	1/10	39
KUDOZ-PUT	3,600,000	KUD	160	03-15-2002	1/20	10
NESIU	600,000	NESN	390	03-15-2002	1/20	10
NOVIA	14,000,000	NOVN	65	03-15-2002	1/10	89
NOVIU	7,500,000	NOVN	70	03-15-2002	1/5	95
RIFLE	10,500,000	CFR	4,800	03-15-2002	1/1000	32
RIFPU-PUT	5,250,000	CFR	4,000	03-15-2002	1/500	32
RUKIU	4,750,000	RUKN	179.55	03-15-2002	2/25	60
SEOMI	5,400,000	SEO	1,600	03-15-2002	1/200	33
SULPU-PUT	5,000,000	SUN/SMEN	1,000	03-15-2002	1/100	21

Symbol	Number	Underlying	Strike Price (CHF)	Maturity Date	Ratio	Capitalization of Underlyings (million CHF)
UNALM	1,800,000	UNAX	325	03-15-2002	1/20	11
UNAPU-PUT	4,300,000	UNAX	250	03-15-2002	1/20	25
ZURIU	20,000,000	ZURN	625	03-15-2002	1/100	66
CZHIC	3,000,000	CZH	1,500	03-20-2002	1/100	36
SAUPT-PUT	1,500,000	SAUN	60	03-20-2002	1/5	9
ALLES	4,000,000	ALLN	90	06-19-2002	1/10	34
BALUZ *	1,600,000	BALN	70.30	06-19-2002	1/10	19
FEHNO	5,000,000	RESN	110	06-19-2002	1/10	10
LOGOZ-PUT	6,000,000	LOGN	48	06-19-2002	1/10	22
CSGIU	15,340,000	CSGN	82.50	06-21-2002	1/12.5	69
RIEPA-PUT	5,000,000	RIEN	410	06-21-2002	1/50	35
SRNOZ-PUT	7,600,000	SRN	130	06-21-2002	1/20	16
UBSIU	5,200,000	UBSN	90	06-21-2002	3/20	59
UMSO	2,500,000	UMS	125	06-21-2002	1/10	24
CSGIA	4,390,000	CSGN	75	07-19-2002	1/5	50
ROGIU	2,000,000	ROG	135	07-19-2002	1/10	23
SYSOZ-PUT	5,000,000	SYST	1,000	07-19-2002	1/100	53
UBSIA	20,000,000	UBSN	85	07-19-2002	1/10	151
UHRPU-PUT	8,000,000	UHR	145	07-19-2002	1/20	47
BUCHT	1,000,000	BUC	1,650	08-21-2002	1/50	27
SAUPU-PUT	10,000,000	SAUN	45	09-18-2002	1/20	16
ADEIU	10,000,000	ADEN	75	09-20-2002	1/10	55
KUDPO-PUT	6,000,000	KUD	100	09-20-2002	1/20	17
NESIO	10,000,000	NESN	340	09-20-2002	1/50	69
NOVIO	20,000,000	NOVN	65	09-20-2002	1/10	127
RUKIO	10,000,000	RUKN	160	09-20-2002	1/20	80
FTOOL	5,000,000	FTON	650	10-16-2002	1/100	19
GEBGO	5,000,000	GEBN	500	12-18-2002	1/50	32
SAKIG	4,000,000	SAKN	1,800	12-18-2002	1/200	27
CSGIO	16,000,000	CSGN	65	12-20-2002	1/10	90
PHOPT-PUT	10,000,000	PHBN	47.50	12-20-2002	1/10	37
ROGIA	10,000,000	ROG	120	12-20-2002	1/20	58
SEOLO	10,000,000	SEO	1,400	12-20-2002	1/200	61
SELES *	1,680,000	SELN	400	12-30-2003	1/20	46
LLBOZ	1,900,000	LLB	1,000	01-21-2004	1/20	63
BALIX	15,000,000	BALN	197.10	06-15-2005	1/50	35
BALUP	2,300,000	BALN	167.80	06-15-2005	1/10	27

* issued by OZ Holding

OZ Holding

Churerstrasse 47
CH-8808 Pfäffikon SZ
Phone +41 1 215 63 00
Fax +41 1 215 63 90
www.ozholding.ch

OZ Bankers AG

Churerstrasse 47
CH-8808 Pfäffikon SZ
Phone +41 1 215 63 00
Fax +41 1 215 63 90
www.ozbankers.ch

OZ Market Information

Market Making Reuters: OZBANKERS
Telekurs: 85,OZWTS1-6
Bloomberg: OZOZ

Auditor

Ernst & Young AG
Brunnhofweg 37
CH-3001 Bern
Phone +41 31 320 61 11