



Interim Report March 31, 2003



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Board of Directors and Staff

BOARD OF DIRECTORS OZ HOLDING

Erwin W. Heri (Chairman)

Daniel S. Aegerter

Elfried Hasler

Stefan Holzer

Peter Rüegg

MANAGEMENT OZ BANKERS AG

Markus Eberle

Peter Rüegg

Andreas Walther

STAFF OZ BANKERS AG

Beat Arnold

Ulrich Bender

Christian Börcsök

Denise Camele

René Dubacher

Karl-Heinz Hoch

Andreas Jenny

Béatrice Leutwiler

Reto Peczinka

Daniel Reptsis

Marco Tinnirello

Report of the Board of Directors of OZ Holding

DEAR SHAREHOLDERS

Like all financial-services providers we were confronted with an adverse environment in the first quarter of the current year. Economic uncertainties, geopolitical instability and, last but not least, of course, the war in Iraq all impacted our quarterly figures. All the same, OZ Group can report a consolidated profit of 0.1 million francs for the first quarter 2003 (previous year's period: 7.6 million), equaling a profit of 0.03 francs per share (1.84 francs). After a dividend payment of 6.3 million francs, shareholders' equity amounted to 185 million francs on March 31, 2003. At the end of last year shareholders' equity stood at 186 million. On the basis of 4,198,870 shares now outstanding, equity per share was 44 francs, the same as at the end of 2002.

The Swiss Performance Index also fared poorly in the first quarter 2003 due to the difficult environment on the financial markets. After two difficult years it again lost 11.6% in the first three months of the current year. This drawback was reflected in our figures for the investment of our own funds as well as for market making and resulted in a loss from securities of 3.9 million francs – this in contrast to the first quarter 2002 which was also a very difficult year overall but showed a few rays of hope during the first quarter; during those three months we had been able to generate a profit from securities of 0.4 million francs.

Commission income reached 5.5 million francs during the first quarter 2003 (previous year's period: 10.1 million). We again issued a number of new options during the past months, e.g. calls on Phonak registered shares and Jelmoli bearer shares as well as puts on Geberit and Berna Biotech registered shares. Financial income also decreased, mainly due to lower dividend income. As a matter of course we strive to be equally conservative on the expense side of the equation in the current environment. Consequently we are managing both administrative expenses as well as personnel expense and commissions paid very strictly.

On February 19, 2003, the annual general meeting of OZ Holding approved a dividend payment of 1.50 francs for the 2002 fiscal year. Payment to the shareholders was made on February 24.

CHANGES ON THE BOARDS OF DIRECTORS

After six successful years at the helm of the company, Bernhard E. Flotron retired from his position as chairman of the boards of directors of OZ Holding and OZ Bankers AG on the date of the annual general meeting on February 19, 2003. We would like to thank him for his valuable work and long-standing dedication in the buildup and expansion of OZ Group. At the same time Erwin Vogt stepped down from the boards of directors which he had joined in 1999 because he has been elected chairman of the board of directors of Liechtensteinische Landesbank last year. We would like to thank him, too, for his valuable work for OZ Group.

In order to replace Bernhard E. Flotron, the general meeting elected Erwin W. Heri to the boards of directors of OZ Holding and OZ Bankers AG; he was then elected chairman by the boards of directors. Erwin W. Heri (1954) is an associated professor for financial market theory at the University of Basel and a visiting professor at the University of Geneva. He is also head of the investment committee of Publica (the federal government's pension fund), a member of the boards of directors of various international corporations and the author of specialist books on finance.

The general meeting also elected Elfried Hasler and Stefan Holzer to the boards of directors of OZ Holding and OZ Bankers AG and Peter Rüegg to the board of directors of OZ Holding. Elfried Hasler (1965) is a member of the executive board of Liechtensteinische Landesbank where he is responsible for private banking. He is a member of the boards of directors of various financial-services providers in Liechtenstein and Switzerland. Stefan Holzer (1961) is an economist with a doctorate and co-owner of H&H Holding, a company that specializes on managing participations in listed and unlisted companies. Peter Rüegg (1955) has been a member of the executive board of OZ Bankers AG since 1995 and CEO since 2003; he is also a member of the board of directors of SenTec AG.

Pfäffikon, April 10, 2003

For the Board of Directors



Erwin W. Heri, Chairman



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2002 CHF	March 31, 2003 CHF
CURRENT ASSETS			
Due from banks		138,013,296	148,593,236
Due from clients		7,069,713	11,410,533
Trading securities		156,391,023	130,864,862
Accrued and deferred items		486,663	2,477,221
Total current assets		301,960,695	293,345,852
TOTAL ASSETS		301,960,695	293,345,852

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2002 CHF	March 31, 2003 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		10,179,975	3,900,882
Due to clients		76,145,583	89,693,357
Due from trading		29,048,554	14,409,453
Accrued and deferred items		742,086	576,503
Total current liabilities		116,116,198	108,580,195
Total liabilities		116,116,198	108,580,195
SHAREHOLDERS' EQUITY			
Share capital	1	4,198,870	4,198,870
Own shares		- 9,050,000	- 10,000
Reserves		190,695,627	180,576,787
Total shareholders' equity		185,844,497	184,765,657
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		301,960,695	293,345,852

Income Statement

	Notes	Jan. 1 - March 31 2002 CHF	Jan. 1 - March 31 2003 CHF
INCOME			
Income from securities		2,327,452	- 3,888,732
Income from financial investments		- 1,942,738	0
Dividend income		667,453	206,169
Interest income		310,482	113,978
Commission income		10,108,928	5,487,282
Total income		11,471,577	1,918,697
EXPENSES			
Administrative expenses		1,401,189	1,030,832
Personnel expense		524,438	752,788
Financial expense		212,987	39,561
Commission expense		668,499	216,721
Profit / loss before tax		8,664,464	- 121,205
Taxes		- 1,043,838	243,749
PROFIT JANUARY 1 - MARCH 31		7,620,626	122,544
Profit per share	4	1.84	0.03

Cash Flow Statement

	Notes	Jan. 1 - March 31 2002 CHF	Jan. 1 - March 31 2003 CHF
Profit		7,620,626	122,544
(Decrease) increase in valuation adjustments and provisions		- 171,162	0
(Increase) decrease in accrued and deferred items (asset side)		5,423,412	- 1,990,558
(Decrease) increase in accrued and deferred items (liability side)		- 1,140,756	- 165,583
(Increase) decrease in amounts due from banks		- 20,989,300	- 16,864,000
(Increase) decrease in trading securities		18,069,260	10,887,060
(Decrease) increase in amounts due to clients		24,002,609	13,547,774
(Increase) decrease in amounts due from clients		2,604,064	- 4,340,820
(Increase) decrease in valuation of financial investments		1,943,058	0
Net cash flow provided by operating activities		37,361,811	1,196,417
Sales of financial assets		138,776	0
Net cash flow provided by investing activities		138,776	0
Change in own shares	2	- 7,067,041	5,096,921
Dividends		- 12,596,610	- 6,298,305
Net cash flow used by financing activities		- 19,663,651	- 1,201,384
(Decrease) increase in "Banks at Sight"		17,836,936	- 4,967
"Banks at Sight" on January 1		- 24,742,842	79,216,321
"Banks at Sight" on March 31		- 6,905,906	79,211,354
"Banks at Sight" consists of amounts due from minus amounts due to:			
Amounts due from banks at sight		67,791,237	83,112,236
Amounts due to banks at sight		- 74,697,143	- 3,900,882
Total "Banks at Sight"		- 6,905,906	79,211,354
Dividends received (excluding financial investments)		442,738	206,169
Interest received		310,482	113,978
Interest paid		212,987	39,561
Taxes paid		716,169	- 137,728

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, 2002	4,198,870	879,387	226,479,692	- 620,000	230,937,949
Dividend payment			- 12,596,610		- 12,596,610
Annual loss			- 19,439,787		- 19,439,787
Change in own shares		- 4,627,055		- 8,430,000	- 13,057,055
Position at Dec. 31, 2002	4,198,870	- 3,747,668	194,443,295	- 9,050,000	185,844,497
Dividend payment			- 6,298,305		- 6,298,305
Profit Jan. 1 - March 31, 2003			122,544		122,544
Change in own shares		- 3,943,079		9,040,000	5,096,921
Position at March 31, 2003	4,198,870	- 7,690,747	188,267,534	- 10,000	184,765,657

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 Financial Reporting Standards (IFRS).

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, 2002 CHF	March 31, 2003 CHF
1. SHARE CAPITAL		
Number of bearer shares	4,198,870	4,198,870
Share capital ¹⁾	4,198,870	4,198,870
Par value per share	1	1
Shareholders' equity per share ²⁾	44	44
2. OWN SHARES		
Number of bearer shares	107,255	19 ³⁾
Reserve for own shares	9,050,000	10,000

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

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

3) During the reporting period, 47,208 shares were bought at CHF 69.76 each and 154,444 shares were sold at CHF 52.38 each (average prices).

	Dec. 31, 2002	March 31, 2003
3. SHAREHOLDER STRUCTURE		
Shareholders holding more than 5% of the share capital		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	5.24%	5.24%
Zürcher Kantonalbank, Zurich	5.36%	5.36%
Bâloise Holding, Basel	5.48%	5.48%
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	15.07%	15.07%
OZ directors and staff (shares and stock options)	23.34%	18.94%
	Jan. 1 - March 31 2002 CHF	Jan. 1 - March 31 2003 CHF
4. PROFIT PER SHARE		
Profit per share: group profit divided by the number of outstanding bearer shares.		
Profit	7,620,626	122,544
Outstanding bearer shares (weighted)	4,198,870	4,198,870
minus own shares	53,979	19
Outstanding bearer shares (weighted) for calculation	4,144,891	4,198,851
Profit per share	1.84	0.03
There are no instruments outstanding that would dilute profit per share.		
	Dec. 31, 2002 CHF	March 31, 2003 CHF
5. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	32,545,500	10,235,000
Due from banks	49,182,462	65,944,071
6. POST-BALANCE-SHEET EVENTS		
There are no post-balance-sheet events to report.		

Outstanding Options (as at March 31, 2003)

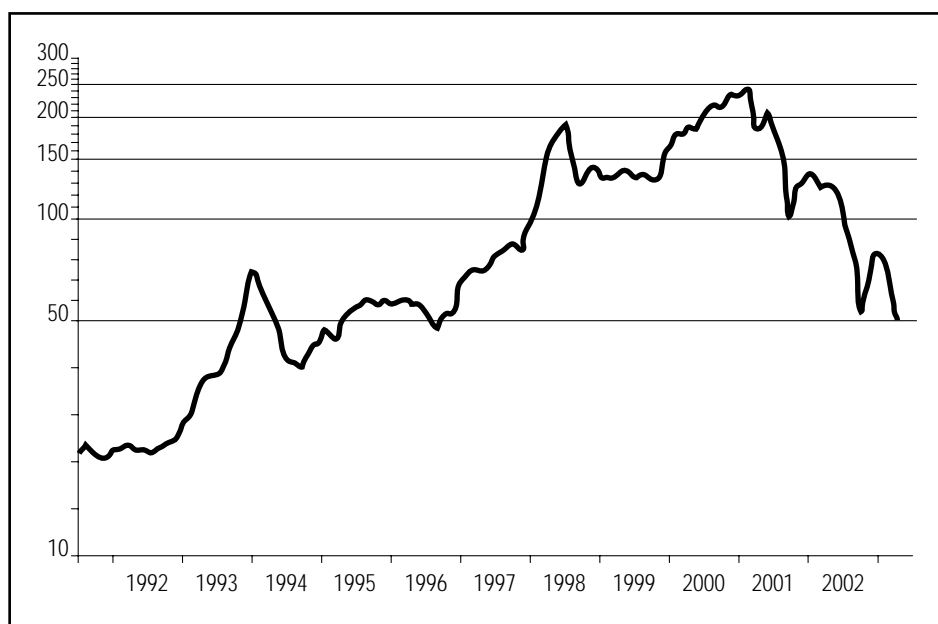
Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
BBIRD	4,970,000	BBIN	22	06-19-2003	1/4	12
BBISE	2,668,000	BBIN	32	06-19-2003	1/4	7
BBITE	4,275,000	BBIN	40	06-19-2003	1/25	10
PHOXI	9,980,000	PHBN	35	06-20-2003	1/10	12
SAUBR	9,900,000	SAUN	45	06-20-2003	1/10	33
BUCKS	1,000,000	BUC	300	09-17-2003	1/10	12
JELLO	5,910,000	JEL	1,450	09-17-2003	1/200	25
PHOPI-PUT	7,250,000	PHBN	25	09-17-2003	1/5	18
DMSPP-PUT	3,275,000	DMSN	625	12-17-2003	1/100	27
GEBIG	3,750,000	GEBN	425	12-17-2003	1/50	32
GEBOZ-PUT	3,750,000	GEBN	400	12-17-2003	1/50	32
GEBPP-PUT	3,750,000	GEBN	370	12-17-2003	1/50	32
JELOZ-PUT	4,000,000	JEL	825	12-17-2003	1/100	34
JELPU-PUT	3,000,000	JEL	900	12-17-2003	1/100	26
RESQU	3,000,000	RESN	90	12-17-2003	1/10	25
RIEPA-PUT	5,000,000	RIEN	350	12-17-2003	1/50	25
ALLEE	4,000,000	ALLN	77.50	12-18-2003	1/10	34
DMSUN	4,100,000	DMSN	650	12-19-2003	1/100	34
SELES *	1,163,800	SELN	400	12-30-2003	1/20	31
LLBOZ	1,900,000	LLB	1,000	01-21-2004	1/20	48
BBIPO-PUT	2,500,000	BBIN	10	03-17-2004	1/1	24
JELMO	5,000,000	JEL	900	06-18-2004	1/100	43
RESTL	3,000,000	RESN	100	03-16-2005	1/10	25
VALUE	10,000,000	VALN	350	05-18-2005	1/50	45
BALIX	10,588,103	BALN	197.10	06-15-2005	1/50	7
BALUP	1,607,309	BALN	167.80	06-15-2005	1/10	5
BALEG	4,000,000	BALN	170	06-20-2007	1/10	13

* Issued by OZ Holding

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to March 31, 2003, in CHF



Source: Datastream

Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average performance of 9.0%. For comparison: Over the same period Swiss bank shares rose 8.3% on average while the Swiss Market Index gained 7.7%.

OZI closing price on Dec. 31, 2002	81.50
OZI closing price on March 31, 2003	54.00
Year's high on January 3, 2003	81.95
Year's low on March 25, 2003	52.50
Dividend paid per share for the 2002 fiscal year	1.50
Dividend yield (closing price on March 31, 2003)	2.78%
Reuters symbol	OZZH.S

OZ Holding

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

OZ Bankers AG

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

OZ Market Information

Market Making Reuters: OZBANKERS
Telekurs: 85,OZWTS1 - 6
Bloomberg: OZ0Z

Auditors

Ernst & Young AG
Brunnhofweg 37
CH-3001 Bern
Phone +41 58 286 61 11