

March 28, 2014

Director,
Cyprus Stock Exchange,
71-73 Vyronos Avenue,
Nicosia

Dear Sir,

ANNOUNCEMENT

Decisions of the Extraordinary General Meeting of the members of USB Bank PLC

We wish to announce that the Extraordinary General Meeting (the "EGM") of USB Bank PLC (the "Bank") took place at the Company's registered office on March 27, 2014 with the participation of members in person or via proxy who represented 96.625.739 that is 97,34% of the total issued share capital of the Bank, out of which 53.765.035 shares do not bear voting rights, as they have been suspended temporarily following the CySec remarks.

The EGM examined and approved by the necessary majorities, the following resolutions:

SPECIAL RESOLUTION NO.1

"**THAT** the authorised share capital of the Bank which comprises of Euro 85.500.000 divided into 150.000.000 shares of a nominal value of Euro 0,57 each, as well as the issued share capital of the Bank which comprises of Euro 56.584.277,91 divided into 99.270.663 ordinary shares of nominal value of Euro 0,57 each, be reduced so that the authorised share capital is reduced to Euro 15.000.000 divided into 150.000.000 ordinary shares of a nominal value of Euro 0,10 each and the issued share capital is reduced to Euro 9.927.066,30 divided into 99.270.663 ordinary shares of a nominal value of Euro 0,10 each, and that this reduction is carried out by the reduction of the nominal value of each ordinary share from Euro 0,57 each to Euro 0,10 each for the purpose of writing off losses and **THAT** immediately after the above reduction, the authorised share capital of the Bank be re-increased to the amount of Euro 85.500.000 which will be divided into 855.000.000 ordinary shares of a nominal value of Euro 0,10 each".

This Special Resolution No. 1 is subject to ratification by the Nicosia District Court.

SPECIAL RESOLUTION NO.2

"(a) **THAT**, subject to the approval of the above Special Resolution No.1 by the District Court of Nicosia, the Board of Directors of the Bank be authorised to issue and allot 66.666.667 new ordinary shares of a nominal value of Euro 0,10 each at the total issue price of Euro 0,30 each pursuant to the provisions of these resolutions; and

(b) **THAT**, subject to the approval of the above Special Resolution No. 1 by the District Court of Nicosia and pursuant to Special Resolution No 2 (a), the pre-emption rights of the existing members of the Bank in relation to the said issue be waived in accordance with the provisions of the Cyprus Companies Law Cap. 113 (as amended); and

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(c) **THAT** for the purpose of the increase of the issued share capital of the Bank, the 66.666.667 new ordinary shares of a nominal value of Euro 0,10 will not be offered to the existing Shareholders of the Bank on a pro rata basis but will be issued and allotted at the issue price of Euro 0,30 per share to BLC Bank sal. The 66.666.667 new ordinary shares will rank pari passu with the existing fully paid shares of the Bank”.

ORDINARY RESOLUTION

“**THAT** the Board of Directors be and is authorized to take all necessary actions in order to give effect to the above resolutions, including, to make all necessary applications to the District Court of Nicosia for a Court Order approving the aforesaid Special Resolution No.1, to make all necessary entries in the Bank’s books and finally to file all necessary returns with the Registrar of Companies as prescribed by law”.

At the EGM, the Directors’ Report was presented to the members of the Bank, in accordance with article 60(B) of the Cyprus Companies Law Cap. 113 (as amended), explaining the reasons for proposing the reduction of the share capital and the immediate re-increase, as well as, the reasons for restricting the pre-emption rights of the members and justifying the proposed issue price of €0,30 per share.

Furthermore a reference was made to the commitment of BLC Bank sal to dispose up to 1.790.363 ordinary shares of nominal value of € 0,10 each at the issue price of €0,30 per share (which represents the proposed issue price of the new shares to BLC Bank sal), to those registered members of the Bank who will within 30 days from the date of the issue to BLC Bank sal (“Expiry Date”), following the approval of the proposed Resolutions at the Extraordinary General Meeting, the approval of Special Resolution No.1 by the District Court of Nicosia and provided that an exception is granted by the Cyprus Securities and Exchange Commission in accordance with the provisions of the Public Take Over Bids Law (L.41(I)/2007), express their interest in acquiring such number of shares which correspond to the ratio and number that they will hold on the Expiry Date that represents the number of shares that would have been offered to them if the Issue was offered and allotted to all members of the Bank on a pro rata basis.

It is noted that with the successful approval of the reduction and the re-increase of the share capital by the Court and the subsequent issue and allotment of 66.666.667 new ordinary shares, the issued share capital of the Bank will amount to €16.593.733 divided into 165.937.330 ordinary shares of nominal value of €0,10 each.

The authorised share capital of the Bank will amount to €85.500.000 divided into 855.000.000 ordinary shares of a nominal value €0,10 each.

The new 66.666.667 ordinary shares will rank pari passu with the existing shares and following the completion of the Issue and allocation of the shares, the Bank will take all necessary measures for their listing on the Cyprus Stock Exchange, provided that an exception is granted to BLC Bank sal by the Cyprus Securities and Exchange Commission in accordance with the provisions of the Public Take Over Bids Law (L41(I)/2007).

Yours sincerely,



Andreas Theodorides
Secretary

c.c. Chairman
CySec