



USB BANK PLC
INDICATIVE RESULTS FOR THE YEAR ENDED
31 DECEMBER 2014

On 25 February 2015 the Board of Directors of USB Bank Plc (the "Bank") reviewed and approved the unaudited indicative results of the Bank for the year ended 31 December 2014.

The environment:

The Bank continues to operate within a challenging environment with the economic adjustment programme of the Cyprus economy still in progress in order to address short and medium term financial, fiscal and structural challenges. The uncertain economic conditions in Cyprus and the intense economic recession are the key factors that affect the banking sector in Cyprus including the Bank.

The Liquidity:

Despite this operational environment the Bank maintained healthy liquidity levels, with:

- A gross loans to deposits ratio that stands at 76%,
- A liquidity ratio in Euro that stands at 34% with the minimum regulatory ratio being 20%,
- A foreign currencies liquidity ratio that stands at 71% with the minimum regulatory ratio being 70% and
- No financing from the European Central Bank or from any other external party.

The operational profit:

Regardless of this economic environment and the recessionary conditions the Bank maintained its turnover at approximately the same levels of the previous year while the operational profit has substantially increased by 55% for the year 2014 and amounted to €13,4 million in relation to €8,6 million for the corresponding last year:

- Interest income remained at approximately the same levels in relation to year 2013 and amounted to €41,4 million while the interest expense amounted to €13,9 million in year 2014 in relation to €18,4 million in year 2013 presenting a reduction of 25%.
- As a result of the above the net interest income amounted to €27,5 million in relation to €22,5 million for the corresponding last year.
- Net fee and commission income decreased by 22% due to the recessionary conditions that prevail in the market and amounted to €2,6 million in relation to €3,3 million for last year.
- The staff cost which represents 66% of total expenses of the Bank presents a decrease of 8% in relation to last year due to the application of the new collective agreement between the Cyprus Union of Bank Employees and the Cyprus Employers' Association which implemented reductions in salaries applicable from 1 March 2014 and also reductions for the employers contributions to the employees provident fund applicable from 1 January 2014. The other administration expenses present an increase of 7% in relation to last year mainly because of increased expenses incurred for the support of the Bank's operations in a more than difficult operational environment.



Non operational losses and provisions:

- An amount of €1,6 million was recognized as a loss on revaluation of investment properties which were acquired by the Bank in settlement of customer debts and are accounted for at their estimated fair value at the reporting date in relation to €2,2 million for last year.
- Due to the continuing economic recession, the continuing reduction in real estate prices, and based on the resulting repayment difficulties faced by clients the provisions for impairment of loans and advances present an increase in the current year and amounted to €24,2 million in relation to €19,7 million for the corresponding last year.

Net Result for year 2014:

Despite the operational profit amounting to €13,4 million and as result of the provisions booked for impairment of loans and advances the loss for the year 2014 amounted to €13,1 million in relation to losses of €15,9 million for last year.

Future outlook:

The Cyprus economy is expected to return back to moderate growth in 2015 and thus the effective management of credit risk is of utmost importance and key factor for the Banks' operations and thus the Management takes all necessary steps to effectively manage it. Key objectives of the Bank is to maintain adequate levels of capital and liquidity. To that effect, the Bank's parent company BLC Bank SAL, before the end of 2014, based on its continuous support to the Bank placed in an escrow account €10,2 million as an irrevocable commitment for the capital strengthening of the Bank. As a consequence, the Core Tier 1 ratio of the Bank stands at 9,62% and the Total Capital Ratio at 10,17% allowing for further growth of the Bank and facing of the challenges.

25 February 2015



Key Financial Indicators:

	2014	2013
	€000	€000
Turnover	44.487	44.807
Operational profit	13.441	8.649
Loss from sale and revaluation of investments and properties	(1.574)	(3.760)
Profit before provisions for impairment of loans and advances	11.867	4.889
Provisions for impairment of loans and advances	(24.210)	(19.664)
Loss for the year after tax	(13.140)	(15.920)
Loss per share (cent)	(7,9)	(16,0)
Customer deposits	606.307	589.677
Loans and advances to customers (gross)	463.692	497.338

Notes:

1. The audit of the Bank for the year ended 31 December 2014 by the external auditors is not yet completed. The indicative results are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. and in accordance to the Cyprus Stock Exchange Laws and Regulations. The indicative results are prepared in accordance to the same accounting policies of the audited financial statements for the year 2013, except with the adoption of the new and amended IFRSs and Interpretations with effective date 1 January 2014. The adoption of the new and amended IFRSs and Interpretations did not have any impact on the indicative results.
2. The Bank's main activity is the provision of banking and financial services in Cyprus.
3. The indicative results and the explanatory statement for the year ended 31 December 2014 will be published to a newspaper on Friday 27 February 2015. Also copies will be made available for the Bank's shareholders at the Bank's registered office, 83 Digenis Akritas Avenue, 5th floor, 1070 Nicosia and on the Bank's internet site www.usbbank.com.cy under Investor Relations.