

21 April, 2015

Director,
Cyprus Stock Exchange,
Nicosia

Dear Sir,

ANNOUNCEMENT

DECISIONS OF THE MEETING OF THE BOARD OF DIRECTORS OF USB BANK PLC IN RELATION TO ITS CAPITAL STRUCTURE

Further to the announcement dated 8 April 2015, we wish to inform you that the Board of Directors of USB BANK PLC (the "Bank") decided at the meeting held on 20 April 2015, in relation to the capital structure of the Bank the following:

1. To redeem on the 30th June 2015, the Capital Securities of Euro 973.903 issued on the 1st January 2006, the Convertible Bonds (USBCB) of Euro 1.209.060 issued on the 14th June 2010 and the Non-Convertible Bonds (USBSB) of Euro 8.000.000 issued on the 30th December 2009 in accordance with their respective terms and conditions (collectively referred to as the "Redemption") and subject to the adoption of a Special Resolution by the members of the Bank at a forthcoming Extraordinary General Meeting, authorising the Board of Directors to issue 40.800.000 new ordinary shares of a nominal value Euro 0,10 each at the price of Euro 0,25 each (the "Issue") to facilitate such Redemption.
2. That the Bank shall not take any steps to commence the procedure of such Redemption until the Issue is approved by the members of the Bank at the Extraordinary General Meeting.
3. To convene an Extraordinary General Meeting of the members of the Bank on 28 May 2015, at the registered office of the Bank in order to propose the adoption of the following Resolutions:

SPECIAL RESOLUTION NO.1

- (a) **THAT**, the Board of Directors of the Bank be and is hereby authorised to issue and allot 40.800.000 new ordinary shares of nominal value €0,10 each at the issue price of Euro 0,25 each (the "Issue"); and
- (b) **THAT**, the pre-emption rights of the existing members of the Bank in relation to the said Issue be and are hereby waived in accordance with the provisions of the Cyprus Companies Law Cap. 113 (as amended); and
- (c) **THAT**, for the purpose of the increase of the issued share capital of the Bank, the 40.800.000 new ordinary shares of nominal value Euro 0,10 will not be offered to all of the existing members of the Bank on a pro rata basis but will be issued and allotted at the issue price of Euro 0,25 per share to BLC Bank SAL. The 40.800.000 new ordinary shares will rank pari passu with the existing fully paid shares of the Bank.

Explanation:

The proposed increase of the issued share capital of the Bank by the creation of 40.800.000 new ordinary shares of a nominal value of Euro 0,10 each at the issue price of Euro 0,25 to be issued to BLC Bank SAL, is proposed in order to bring into effect the resolution of the Board of Directors of the Bank dated 20 April 2015, whereby the Redemption on the 30th June 2015 of Capital Securities of Euro 973.903 issued on the 1st January 2006, Convertible Bonds (USBCB) of Euro 1.209.060 issued on the 14th June 2010 and Non-Convertible Bonds (USBSB) of Euro 8.000.000 issued on the 30th December 2009, in accordance with their respective terms and conditions. The relevant approval of the Central Bank of Cyprus has been obtained.

It is noted that, further to the approval of the Central Bank of Cyprus, the parent Company of the Bank, namely, BLC Bank SAL made an irrevocable commitment to fully cover any required increase of capital of the Bank, to facilitate the above Redemption. To this end, BLC Bank SAL placed in an escrow account before the year end of 2014, the amount of Euro 10,2 million demonstrating its continuous support to the Bank.

For this reason, the Board of Directors of the Bank proposes to the members of the Bank to waive their pre-emption rights and proceed with the issue and allotment to BLC Bank SAL, of 40.800.000 new ordinary shares of a nominal value of Euro 0,10 each at the issue price of Euro 0,25 each.

With the successful completion of the issue and allotment of 40.800.000 new ordinary shares to BLC Bank SAL, the issued share capital of the Bank will amount to Euro 20.673.733 divided into 206.737.330 ordinary shares of nominal value of Euro 0,10 each.

SPECIAL RESOLUTION NO.2

THAT, the titles of the Bank be delisted from the Cyprus Stock Exchange (the "Delisting"), following the completion of the Mandatory Public Takeover Bid by BLC Bank SAL (the "Offeror") to the members of the Bank for the acquisition of up to 100% of the share capital of the Bank and **THAT**, the Board of Directors of the Bank be and is hereby authorized to take all necessary actions for the Delisting of the titles of the Bank from the Cyprus Stock Exchange.

Explanation:

Further to the Mandatory Public Takeover Bid announced by the "Offeror" on 3 March 2015 to the members of the Bank, it is the intention of the Offeror that the titles of the Bank be delisted from the Cyprus Stock Exchange. The Delisting will take effect, following the completion of the Mandatory Public Takeover Bid by the Offeror to the members of the Bank, for the acquisition of up to 100% of the share capital of the Bank.

ORDINARY RESOLUTION

THAT, the Board of Directors of the Bank be and is authorized to take all necessary actions in order to give effect to the above Resolutions, to give effect to the Redemption on the 30th June 2015 of Capital Securities of Euro 973.903 issued on the 1st January 2006, Convertible Bonds (USBCB) of Euro 1.209.060 issued on the 14th June 2010 and Non-Convertible Bonds (USBSB) of Euro 8.000.000 issued on the 30th December 2009, in accordance with their respective terms and conditions (collectively referred to as the "Redemption"), including, without limitation, sending all necessary notifications to the holders of the above described securities, to make all necessary applications to the Cyprus Stock Exchange in relation with the Delisting, 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 the Law.

The relevant notice to the members of the Bank in accordance with the provisions of the Cyprus Companies Law Cap. 113 (as amended), will be mailed in due course.

Yours sincerely,



Andreas Theodorides
Secretary

c.c. Chairman, CySec.