USB BANK PLC

Unaudited Interim Management Statement for the period 1 January 2013 to 29 April 2013

The unaudited Interim Management Statement of USB Bank Plc (the "Bank") for the period 1 January 2013 to 29 April 2013 is prepared in accordance to Article 11 of the Transparency Law of 2007 and 2009 (L.190(I)/2007 & 72(I)2009).

1. Explanation of material events and transactions

Cyprus and the Eurogroup (together with the International Monetary Fund) reached an agreement on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing and to restore the viability of the financial sector, with the view of restoring sustainable economic growth and sound public finances over the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with EU legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations. The Eurogroup requested the Cypriot authorities and the European Commission, in liaison with the European Central Bank, and the International Monetary Fund to finalize the Memorandum of Understanding in April 2013 which will then be followed by the formal approval of the Board of Directors of the European Stability Mechanism as well as by the ratification by Eurozone member states through national parliamentary (or equivalent) approvals.

On 12 April 2013 the Eurogroup welcomed the agreement that has been reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 22 March 2013 the House of Representatives voted legislation relating to capital controls affecting transactions executed through banking institutions operating in Cyprus. The extent of the capital controls are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013.

The Management of the Bank monitors closely the developments within the economy and especially in the financial sector with the aim of taking all necessary measures and actions for managing the negative implications that could arise in its operations.

2. Financial Results for the period from 1 January 2013 to 31 March 2013

The period we are currently undergoing is characterized by unprecedented developments for the financial services sector but also for the general Cyprus economy.

In this recessionary environment and intense uncertainty, the Bank's management sets as primary objectives the maintenance of healthy liquidity and the management of credit risk. The gross loans to deposits ratio stands at 79% compared to 86% in the prior year period.

The customer deposits increased by 15% and amounted to €627 million as at 31 March 2013 compared to €548 million as at 31 March 2012 whereas the Banks' credit expansion was retained at 5% from prior period and amounted to €497 million as at 31 March 2013 compared to €472 million of the corresponding prior year period.

The Banks' interest income from loans and advances increased by 14% as a result of the credit expansion achieved and amounted to €10.6 million for the first quarter of 2013 compared to €9.3 million of the corresponding prior year period. Income from placements and investments indicate a decrease of 32% from last year period and amounted to €2.5 million for the period ended 31 March 2013 compared to €3.7 million for the prior year period, as a result of lower returns during the period but also due to a conservative investment policy followed by the Bank. An increase of 12% in the interest paid on customer deposits is noted in the first quarter of 2012 and as a result the net interest income amounted to €5 million for the period ended 31 March 2013 compared to €5.6 million for the corresponding period of 2012.

Other income decreased by 10% mainly due to the reduction of income from commissions and fees while total administration expenses increased marginally by 2% compared to prior year.

As a result of the above, the profit before provisions for impairment on loans and advances and taxation amounted to €1.5 million in relation to €2.2 million for the first quarter of 2012.

Due to the current economic conditions and the repayment difficulties of customers, the provisions for impairment of loans and advances increased by 48% in relation to last year and the results for the period indicate a loss of €857 thousand in relation to a profit of €605 thousand of the corresponding prior year period.

Nicosia, 29 April 2013