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USB BANK PLC
Unaudited Interim Management Statement for the period from 1 July 2013 to 15 November 2013

The unaudited Interim Management Statement of USB Bank Plc (the "Bank") for the period from 1 July 2013 to 15 November 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

The current period is characterized by unprecedented developments in the financial sector and in the economy in general particularly after the developments that followed the Eurogroup decisions on the 25 March 2013. The uncertain economic conditions in Cyprus, the imposition of capital controls in the banking transactions and the intense economic recession are the factors that affect the operations and the financial results of the Bank.

Within this operational environment the Bank maintains adequate liquidity levels, with the gross loans to deposits ratio being 83% and with no financing from the European Central Bank ensuring the unobstructed continuation of its operations.

In this difficult economic environment and with the restrictive measures imposed on the banking transactions both locally and internationally the reduction in the Bank's turnover for the three month period under review was 9%.

In October 2013 the Bank reclassified a loss of €1,6 million from the investment revaluation reserve to the income statement as a result of the sale of a bond that was classified under the "Investments available for sale" category.

There were no other material transactions during this period other than the Bank's ordinary operations that affected significantly the Bank's financial statements and no other profit or loss occurred from non-recurring activities other than the Bank's ordinary operations.

2. Financial Results for the three month period from 1 July 2013 to 30 September 2013

The interest income for the period under review presents a decrease of 7% in relation to the last year corresponding period and amounted to €10 million in relation to €10,7 million for the last years' three month period. The decrease was as a result of the reduction in the income received from placements and investments because of the lower returns during the period and amounted to €1,7 million in relation to €2,8 million for last year period.

Total gross loans amounted to €502 million as at 30 September 2013 and present an increase of 2% from September 2012 adjusting for the €17 million loans that were written off in December 2012 following a Board of Directors decision as stated in the audited financial statements of the year 2012. Customer deposits as at 30 September 2013 amounted to €606 million in relation to €656 million as at 30 September 2012 presenting a decrease of 8%.

As a result of the above, net interest income amounted to €6 million in relation to €4,1 million for the last year corresponding period.

Net fee and commission income decreased by 29% due to the reduction in turnover and the imposition of capital controls and amounted to €715 thousand in relation to €1 million for the last year period.

The staff cost which represents 69% of total expenses of the Bank presents a decrease of 14% in relation to last year period due to the recognition in the last years' corresponding period of a portion of the accounting loss of the retirement benefit after the decision to replace the defined benefit scheme with a defined contribution scheme in December 2011. The other administration expenses present an increase of 16% in relation to the last year period mainly because of increased expenses incurred for the support of the Bank's operations.

As a result of the above and after the provision of €500 thousand posted for revaluation of investment properties held by the Bank, the profit before provisions for impairment of loans and advances amounted to €2 million in relation to losses of €193 thousand for the last year corresponding period.

Due to the continuing economic recession and the repayment difficulties faced by clients, the provisions for impairment of loans and advances amounted to €6,1 million in relation to €1,2 million for the last years' three month period.

The loss for the period after tax amounted to €4,4 million in relation to a loss of €503 thousand for last year period and in relation to the nine month period ended 30 September 2013 the loss amounted to €6,2 million whereas in the 9 month period of 2012 there was a profit of €113 thousand.

3. Challenges and prospects

The main objectives of the Bank, is the effective management of credit risk and the maintenance of adequate capital base and liquidity. The requirements of the new economic environment request for a prudent management and a strong capital base. The Bank takes all necessary measures to strengthen its capital base in order to respond to the new economic and regulatory environment.

Nicosia, 15 November 2013