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USB BANK PLC

Unaudited Interim Management Statement for the period from 1 July 2012 to 29 October 2012

The unaudited Interim Management Statement of USB Bank Plc (the "Bank") for the period from 1 July 2012 to 29 October 2012 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

Within this difficult economic environment the Bank maintained adequate levels of liquidity (being gross loans to deposits ratio) and expanded its turnover while increasing its customer deposits. The primary objective of the Bank's management is to manage effectively the credit risk and to maintain sufficient capital.

On 18 October 2012 following a shareholder decision dated 25 May 2012 the Bank proceeded to the increase of its share capital by €17 million in order to enhance its capital base and to support its business growth.

The Bank's nominal value of shares remains at €85.500.000 divided into 150.000.000 ordinary shares of €0,57 each and the issued share capital of the Bank amounts to €51.584.277,81 divided into 90.498.733 ordinary shares of a nominal value of €0,57 each.

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 2012 to 30 September 2012

Despite the adverse economic conditions during the three month period ended 30 September 2012 the Bank increased its turnover by 19% in relation to the last year corresponding period which amounted €12 million in relation to €10 million for the 2011 three month period while it maintained the gross loans to deposits ratio at adequate levels being 78% as at 30 September 2012 in comparison to 84% for September 2011.

Interest income increased by 20% resulting from the credit expansion achieved from the end of September 2011 with the gross loans being €510 million as at 30 September 2012 in relation to €421 million as at 30 September 2011 that is an increase of 21%.

As a result of the 31% increase in customer deposits from €499 million as at 30 September 2011 to €656 million as at 30 September 2012 but also due to the increase in the average interest rate resulting from the intense competition for attracting customers, interest expense is increased substantially by 35%.

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Other income which is made up of commissions and fees illustrates an increase of 14% in relation to last year period resulting from the increase in turnover while total administration expenses increased by 17% due to the increase in staff cost as part of the Bank's plan for enhancement of the human capital in order to support its expansion.

During the period under review the Bank transferred from the revaluation reserve to the Income Statement a realized loss of €781 thousand resulting from the sale of traded shares. In addition €1 million was recognized as a gain on revaluation of investment properties.

As a result of the above, the profit of the Bank for the period ended 30 September 2012 amounted to €827 thousand in relation to €1,1 million for the corresponding period of 2011.

Due to the deterioration of the economic situation the provisions for impairment on loans and advances are increased in relation to last year and amount to €1,2 million while in 2011 net provisions show a recovery of €370 thousand. The loss after provisions and tax for the period under review is €503 thousand in relation to profit of €1,4 million for the 2011 three month period.

In relation to the nine month period ended 30 September 2012 the profit amounted to €113 thousand whereas in 2011 nine month period there were losses of €2,4 million.

Nicosia, 29 October 2012