

0004/00006231/en

General Meeting

USB Bank Plc

USB

Notice for Extraordinary General Meeting

The relative announcement is attached

Attachments:

1. **Announcement**
2. **Form of Proxy**
3. **Notice**

Non Regulated

Publication Date: 04/03/2014

March 4, 2014

General Manager
Cyprus Stock Exchange
Nicosia,

Dear Sir,

ANNOUNCEMENT

Notice for Extraordinary General Meeting

Further to our announcement dated February 25, 2014 in relation to the convention of the Extraordinary General Meeting of the members of USB BANK PLC (the "Bank"), which will be held on March 27, 2014, we attach the Notice to the Extraordinary General Meeting and the Form of proxy which have been mailed today to the beneficiaries.

The Notice to the Extraordinary General Meeting and the Form of Proxy are also available on the website of the Bank www.usbbank.com.cy (Investors Relations/General Meetings).

Yours sincerely,

A blue ink handwritten signature, appearing to be "A. Theodorides", written over a horizontal line.

Andreas Theodorides
Secretary

c.c. Chairman, CySec



FORM OF PROXY

To: USB BANK PLC,
Tel. +357 22883523, P.O. Box 28510, 2080, Nicosia, Cyprus, Fax: +357 22 458367.

I/We.....from

I.D. No./Registration No.being a member/s of USB BANK PLC hereby appoint

Mr./Mrs I.D. No..... from.....

or failing him/her,

Mr./Mrs I.D. No.....from.....

as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of USB BANK PLC, to be held at 83 Digenis Akritas Avenue, 6th Floor in Nicosia, Cyprus, at 12.00 p.m. on 27 March 2014 and at any adjournment thereof.

The proxy/our proxy is authorised to vote as he/she thinks fit, unless the method of voting is indicated below.

		Method of voting
<p><u>SPECIAL RESOLUTION NO.1</u></p> <p>THAT the authorised share capital of the Bank which comprises of Euro 85.500.000 divided into 150.000.000 shares of a nominal value of Euro 0,57 each, as well as the issued share capital of the Bank which comprises of Euro 56.584.277,91 divided into 99.270.663 ordinary shares of nominal value of Euro 0,57 each, be reduced so that the authorised share capital is reduced to Euro 15.000.000 divided into 150.000.000 ordinary shares of a nominal value of Euro 0,10 each and the issued share capital is reduced to Euro 9.927.066,30 divided into 99.270.663 ordinary shares of a nominal value of Euro 0,10 each, and that this reduction is carried out by the reduction of the nominal value of each ordinary share from Euro 0,57 each to Euro 0,10 each for the purpose of writing off losses and THAT immediately after the above reduction, the authorised share capital of the Bank be re-increased to the amount of Euro 85.500.000 which will be divided into 855.000.000 ordinary shares of a nominal value of Euro 0,10 each.</p>		<p><u>FOR/AGAINST</u></p>
<p><u>SPECIAL RESOLUTION NO.2</u></p> <p>(a) THAT, subject to the approval of the above Special Resolution No.1 by the District Court of Nicosia, the Board of Directors of the Bank be authorised to issue and allot 66.666.667 new ordinary shares of a nominal value of Euro 0,10 each at the total issue price of Euro 0,30 each pursuant to the provisions of these resolutions; and</p> <p>(b) THAT, subject to the approval of the above Special Resolution No. 1 by the District Court of Nicosia and pursuant to Special Resolution No 2 (a), the pre-emption rights of the existing members of the Bank in relation to the said issue be waived in accordance with the provisions of the Cyprus Companies Law Cap. 113 (as amended) and</p> <p>(c) THAT for the purpose of the increase of the issued share capital of the Bank, the 66.666.667 new ordinary shares of a nominal value of Euro 0,10 will not be offered to the existing Shareholders of the Bank on a pro rata basis but will be issued and allotted at the issue price of Euro 0,30 per share to BLC Bank sal. The 66.666.667 new ordinary shares will rank pari passu with the existing fully paid shares of the Bank.</p>		<p><u>FOR/AGAINST</u></p>
<p><u>ORDINARY RESOLUTION</u></p> <p>THAT the Board of Directors be and is authorized to take all necessary actions in order to give effect to the above resolutions, including, to make all necessary applications to the District Court of Nicosia for a Court Order approving the aforesaid Special Resolution No.1, 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 law.</p>		<p><u>FOR/AGAINST</u></p>

Date.....

Shareholder's Signature.....

Communication details of shareholder:

Tel..... Fax

Communication details of proxy:

Tel..... Fax.....



- A member entitled to attend and vote at the above Meeting, is entitled to appoint a proxy to attend and vote on his/her behalf. Such proxy need not be a Member of the Bank.
- Members and/or their proxies who will attend the Meeting are requested to carry with them their identify card or other proof of identification.
- The Instrument appointing a proxy shall be in writing under the hand of the appointee or of his attorney duly authorized in writing, or, if the appointee is a corporation, either under seal, or under the hand of an officer or attorney duly authorized.
- In the case of joint holders the vote of the senior of such joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names of such holders stand in the register of Members.
- The record date determining the persons entitled to exercise their voting rights at the above Meeting is set to be on 24 March, 2014. Any transactions carried out from 20 March 2014, will not be taken into account for the purpose of exercising voting rights.
- This Form of Proxy must be deposited together with any other necessary documents at the Registered Office of the Bank, 83 Digenis Akritas Avenue, 5th floor, 1070, Nicosia, Cyprus, P.O. Box 28510, 2080, Nicosia, Cyprus, Fax: +35722458367, at least 48 hours before the time appointed for holding the Meeting or adjourned Meeting.



TO THE MEMBERS OF USB BANK PLC

NOTICE FOR EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting of the Members of USB BANK PLC (hereinafter the "Bank") will be held on 27 March, 2014 at 12.00 p.m. at the registered office of the Bank at 83 Digenis Akritas Avenue, 6th floor, Nicosia, Cyprus, to consider and if thought fit, to adopt the following Resolutions: as indicated below.

SPECIAL RESOLUTION NO.1

THAT the authorised share capital of the Bank which comprises of Euro 85.500.000 divided into 150.000.000 shares of a nominal value of Euro 0,57 each, as well as the issued share capital of the Bank which comprises of Euro 56.584.277,91 divided into 99.270.663 ordinary shares of nominal value of Euro 0,57 each, be reduced so that the authorised share capital is reduced to Euro 15.000.000 divided into 150.000.000 ordinary shares of a nominal value of Euro 0,10 each and the issued share capital is reduced to Euro 9.927.066,30 divided into 99.270.663 ordinary shares of a nominal value of Euro 0,10 each, and that this reduction is carried out by the reduction of the nominal value of each ordinary share from Euro 0,57 each to Euro 0,10 each for the purpose of writing off losses and **THAT** immediately after the above reduction, the authorised share capital of the Bank be re-increased to the amount of Euro 85.500.000 which will be divided into 855.000.000 ordinary shares of a nominal value of Euro 0,10 each.

Explanation:

The reduction of the nominal value of the share is proposed in order to facilitate the issue and allotment of new ordinary shares in view of the prevailing market conditions and the fact that pursuant to the Cyprus Companies Law Cap 113 (as amended) new shares cannot be issued and allotted at a price lower than the current nominal value of Euro 0,57 which is higher than the current net asset value per share. The proposed reduction of the price of the nominal value of each share is effected in order to provide greater flexibility for the issue of shares.

The total amount from the reduction of the nominal value of the issued ordinary shares amounting to Euro 46.657.212 will be utilised for the reduction of the Bank's capital against accumulated losses of the Bank.

This Special Resolution No. 1 is subject to ratification by the Nicosia District Court.

SPECIAL RESOLUTION NO.2

(a) **THAT**, subject to the approval of the above Special Resolution No.1 by the District Court of Nicosia, the Board of Directors of the Bank be authorised to issue and allot 66.666.667 new ordinary shares of a nominal value of Euro 0,10 each at the total issue price of Euro 0,30 each pursuant to the provisions of these resolutions; and

(b) **THAT**, subject to the approval of the above Special Resolution No. 1 by the District Court of Nicosia and pursuant to Special Resolution No 2 (a), the pre-emption rights of the existing members of the Bank in relation to the said issue be 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 66.666.667 new ordinary shares of a nominal value of Euro 0,10 will not be offered to the existing Shareholders of the Bank on a pro rata basis but will be issued and allotted at the issue price of Euro 0,30 per share to BLC Bank sal. The 66.666.667 new ordinary shares will rank pari passu with the existing fully paid shares of the Bank.

Explanation:

Special Resolution No.2 enables the Bank to strengthen its capital base in order to comply in a timely manner with regulatory requirements of the Central Bank of Cyprus.

It is noted that BLC Bank sal, the majority shareholder of the Bank has made an irrevocable commitment before the year end of 2013 to fully cover any required increase of capital of the Bank, in an effort for the Bank to comply in a timely manner with the regulatory requirements and maintain an adequate capital base by blocking €20 million in an escrow account demonstrating its continued support to the Bank. As a consequence, the Core Tier 1 ratio of the Bank as at 31 December 2013 stands at 10,2 % and the Total Capital ratio at 13,04%.

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 of 66.666.667 new ordinary shares of a nominal value of Euro 0,10 each at the issue price of Euro 0,30 each.



Due to the fact that the proposed issue will not be allocated to all existing members, BLC Bank sal has further expressed its commitment to dispose up to 1.790.363 ordinary shares of nominal value of € 0,10 each at the issue price of €0,30 per share (which represents the proposed issue price of the new shares to BLC Bank sal), to those registered members of the Bank who will within 30 days from the date of the issue to BLC Bank sal (“Expiry Date”), following the approval of the proposed Resolutions at the Extraordinary General Meeting, the approval of Special Resolution No.1 by the District Court of Nicosia and provided that an exception is granted by the Cyprus Securities and Exchange Commission in accordance with the provisions of the Public Take Over Bids Law (L.41(I)/2007), express their interest in acquiring such number of shares which correspond to the ratio and number that they will hold on the Expiry Date that represents the number of shares that would have been offered to them if the Issue was offered and allotted to all members of the Bank on a pro rata basis.

After the completion of the issue and allotment of 66.666.667 new ordinary shares, the Bank will take all necessary measures for their listing on the Cyprus Stock Exchange, provided that an exception is granted to BLC Bank sal by the Cyprus Securities and Exchange Commission in accordance with the provisions of the Public Take Over Bids Law (L41(I)/2007).

With the successful completion of the reduction, the re-increase and subsequent issue and allotment of 66.666.667 new ordinary shares, the issued share capital of the Bank will amount to €16.593.733 divided into 165.937.330 ordinary shares of nominal value of €0,10 each.

It is noted that BLC Bank sal currently holds 96.604.705 shares that represent 97,31% of the issued share capital of the Bank out of which 53.765.035 are temporarily suspended. With the completion of the above issue and subject to obtaining all necessary approvals, the stake of BLC Bank sal in the share capital of the Bank will increase to 98,39% (excluding any possible disposal of 1.790.363 shares by BLC Bank sal mentioned above to the registered members of the Bank).

ORDINARY RESOLUTION

THAT the Board of Directors be and is authorized to take all necessary actions in order to give effect to the above resolutions, including, to make all necessary applications to the District Court of Nicosia for a Court Order approving the aforesaid Special Resolution No.1, 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 law.

By order of the Board,

Andreas Theodorides
Secretary

Nicosia, 24 February, 2014



Notes to the Notice of the Extraordinary General Meeting

ENTITLEMENT TO PARTICIPATE IN THE EXTRAORDINARY GENERAL MEETING

- (1) Any person appearing as a Member in the Register of Members of the Bank on the record date (hereinafter referred to as the "Member") is entitled to participate in the Extraordinary General Meeting. Each ordinary share is entitled to one vote. The record date for determining the right to vote at the Extraordinary General Meeting is set to be on 24 March, 2014. Transactions which will be taking place on 20 March 2014 and thereafter will not be considered in determining the right to vote at the Extraordinary General Meeting.
- (2) A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Members may appoint any person as their proxy. Such proxy need not be a Member of the Bank.

In the case of joint holders, the vote of the senior of such joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names of such holders stand in the register of Members.

- (3) The instrument appointing a proxy which is enclosed and has been posted on the Bank's website at www.usbbank.com.cy must be deposited at the registered office of the Bank 83 Digenis Akritas Avenue, 5th floor, CY-1070, Nicosia, Cyprus, P.O. Box 28510, CY – 2080 Nicosia, Cyprus, Fax 22 458367, at least 48 hours before the time of the Extraordinary General Meeting.

Members should confirm that the form of proxy has been successfully received by the Bank, by calling the Shares Department of the Bank +357 22 883 523 or at the electronic address: shares@usb.com.cy

- (4) The Instrument appointing a proxy shall be in writing under the hand of the appointee or of his attorney duly authorized in writing, or, if the appointee is a corporation, either under seal, or under the hand of an officer or attorney duly authorized.
- (5) Members and/or their proxies who will attend the Extraordinary General Meeting are requested to carry with them their identity card or other proof of identification.

- (6) Any legal entity, which is a Member of the Bank, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Bank or of any class of Members of the Bank and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Bank.
- (7) The Articles of the Company do not provide for participation in the General Meeting by electronic means or voting by correspondence without the Member attending the Meeting in person or by proxy at the place where the Meeting is held.

VOTING PROCEDURES AT GENERAL MEETINGS

- (8) At any general meeting, any resolution put to the vote of the meeting shall be decided on a show of hands or upon verbal declaration, unless a poll is (before or on the declaration of the result of the show of hands) demanded:
 - (a) by the Chairman or
 - (b) by at least three Members present in person or by proxy or
 - (c) by any Member or Members present in person or by proxy and representing at least one tenth of the total of all the Members entitled to vote at the meeting, or
 - (d) by a Member or Members holding shares in the Bank affording the right to vote at the meeting, for which a total amount has been paid equal to at least one tenth of the total amount paid on all the shares granting such right.
- (9) A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the Meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of a poll.

The demand for a poll may be withdrawn.



- (10) In a vote by ballot at a general meeting, a Member, which attends either in person or through a proxy and has the right of more than one vote does not need, if he does vote, to use all the votes or cast all the votes he will use in the same way.
- (11) An ordinary resolution is a resolution passed at a general meeting by a simple majority (50% + 1) of Members of the Company entitled to vote at the meeting who are present in person or by proxy.
- (12) A resolution by a Company shall be a special resolution passed at a general meeting by majority of not less than three-fourths of the number of Members of the Company entitled to vote at the meeting who are present in person or by proxy, for which relevant notice has been given pursuant to Article 135 of the Companies Law, Cap 113 (as amended) specifying the intention to propose the resolution as a special resolution.
- (13) A resolution pursuant to article 59A of Companies Law Cap. 113 (as amended) shall be a resolution, which has been approved by a properly convened general meeting (a) by a majority of two thirds of the Members represented at the meeting or (b) with a simple majority where at least half of the issued share capital of the Bank is represented at the general meeting.

MINORITY RIGHTS AT THE EXTRAORDINARY GENERAL MEETING

- (14) Pursuant to article 127B of Companies Law Cap. 113 (as amended), the Members of the Bank have the right (i) to put an item on the agenda of the annual general meeting, provided that:
 - (a) the item is accompanied by a written explanation justifying the inclusion of the item or a proposed resolution for approval at the general meeting, and
 - (ii) to table a draft resolution for inclusion in the agenda of a general meeting provided that the Member or group of Members hold at least 5% of the issued share capital of the Bank, representing at least 5% of the voting rights of Members entitled to vote at the meeting for which an item has been added on the agenda, and

- (b) The Member's request to put an item on the agenda or resolution for this extraordinary general meeting (as described above on section 14(i)) must be received by the Bank's Secretary in hard copy or electronically at the addresses indicated below at least 42 days prior to the relevant meeting.

Delivery Address for Hard Copy:

Secretary,
USB BANK PLC,
83 Digenis Akritas Avenue,
5th Floor,
1070, Nicosia
Cyprus

Or by fax at +357 22 458 367.

Or by e-mail at the electronic address: shares@usb.com.cy

- (15) Pursuant to section 128C of the Companies Law Cap. 113 (as amended), Members have a right to ask questions related to items on the agenda and to have such questions answered by the Board of Directors of the Bank subject to any reasonable measures the Bank may take to ensure the identification of the Members. An answer is not required if (a) it would interfere unduly with the preparation for the meeting or the confidentiality or business interests of the Bank, or (b) the chairman deems that it is undesirable in the interests of good order of the meeting that the question be answered.

Before the Extraordinary General Meeting, Members may submit questions in writing by sending a letter, together with evidence of their shareholding, at least four working days before the meeting (i.e. by 20 March 2014) to the Secretary of the Bank at USB BANK PLC at 83 Digenis Akritas Avenue, 5th Floor, 1070, Nicosia, Cyprus or by fax to 22 458 367 or by email to shares@usb.com.cy

OTHER INFORMATION AND AVAILABLE DOCUMENTS

- (16) As at 24 February, 2014 (being the latest practicable date to the issue of this Notice), the total issued share capital of the Bank is €56.584.277,91 divided into 99.270.663 total shares of nominal value €0,57 each.
- (17) A directors' report shall be presented by the Board of Directors of the Bank in accordance with article 60(B) of the Cyprus Companies Law Cap.113 (as amended) to the Members at the Extraordinary General Meeting, indicating therein the reasons for proposing the reduction of the share capital and the immediate re-increase, as well as, the reasons for restricting the pre-emption rights of the members and justifying the proposed issue price. The said report shall also be made available in electronic form on the website of the Bank at www.usbbank.com.cy.
- (18) The Notice to the Extraordinary General Meeting, the Form of Proxy and the proposed resolution shall be made available in electronic form on the website of the Bank at www.usbbank.com.cy (Investor Relations/General Meetings) and in hard copy at the Bank's Shares Department, at 83 Digenis Akritas Avenue, 4th Floor, 1070, Nicosia, Cyprus, tel.+35722883523.