
Media Release

St.Gallen, August 17 2022

Ad hoc announcement pursuant to Art. 53 LR

This text is a translation from the media release in German, which version shall be decisive.

St.Galler Kantonalbank: Healthy growth, profit slightly lower

The St.Galler Kantonalbank enjoys an undiminished high trust from the client base and grows further in its core markets. Market-driven valuation adjustments affect the consolidated profit which is CHF 2.8 million (-3.0%) slightly below the excellent previous year.

Healthy growth

The loans to clients increase by 3.3% to CHF 29.5 billion, particularly due to new mortgage contracts (+3.7%) by private customers and real estate investors. In the investment business, net new money of CHF 850.5 million was acquired, which is equivalent to an annualized growth rate of 3.0%. Particularly in the client groups «private customers Switzerland», «institutional investors» and «external asset managers», St.Galler Kantonalbank registers an ongoing strong growth. The assets under management decrease by 6.6%, affected by the negative development of the markets.

Profit slightly below previous year

The consolidated profit of CHF 91.2 million is CHF 2.8 million lower (-3.0%) than in the first semester of the previous year. When combined, the two main revenue pillars, commission and service business (+5.1%) and the net result from interest operations (-2.4%) are slightly positive whilst market-driven valuation adjustments reduce the result from trading activities (-15.8%) and the other result from ordinary activities (-85.9%). The operating expenses increase as expected (+1.2%) due to slightly higher personnel expenses.

Economy of Eastern Switzerland robust, but with uncertain outlook

Last semester, Eastern Switzerland enterprises have benefited from full order books. The «Ostschweizer Konjunkturboard», which consists of experts from SGKB and the regional chamber of commerce, expects the business development to cool down, especially in the industrial sector. Further rising prices as well as the ongoing supply bottlenecks lead to higher costs and lower margins. The tough geopolitical situation increases the uncertainty in terms of the energy supply. The shortage of workers and professionals has further accentuated in many sectors.

The credit portfolio of the St.Galler Kantonalbank is still in a very good condition. No increased risks are identified. In the valuation adjustments and provisions from the credit business, compared to the previous year, a positive impact of CHF 3.9 million net results.

Outlook results 2022

Based on the uncertain geopolitical and economic situation, St.Galler Kantonalbank adjusts its expectation for the business year 2022 and assumes a consolidated profit below the previous year, but with a constant dividend.

in CHF million	1st semester 2022	1st semester 2021	change
Operating income	245.9	253.2	-2.9%
Operating result	106.9	109.0	-1.9%
Consolidated profit	91.2	93.9	-3.0%

in CHF million	June 30, 2022	Dec. 31, 2021	change
Balance sheet total	40'412	39'581	+2.1%
Total loans to clients	29'460	28'517	+3.3%
Managed assets	52'141	55'813	-6.6%
Shareholders' equity	2'674	2'684	-0.4%
Employees	1'319	1'314	+0.4%
Full-time equivalents (average balance)	1'120	1'121	-0.1%

The interim financial statements according to the Financial Reporting Regulation FINMA, detailed financial data as well as video footage for use can be found here: www.sgkb.ch/finanzzahlen

Letter to shareholders: www.sgkb.ch/aktionaersbrief

Alternative Performance Measures:

The alternative performance measures used outside the scope of generally accepted accounting principles as defined in the corresponding SIX Directive are explained (in German) on the SGKB website (www.sgkb.ch/alternative-performancekennzahlen).

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The **St.Galler Kantonalbank AG (SGKB)**, founded in 1868, has been listed on the SIX Swiss Exchange since 2001. The Canton of St. Gallen is the majority shareholder, with 51% of the share capital. The St.Galler Kantonalbank offers a comprehensive range of financial services to its clients in the cantons of St. Gallen and Appenzell Ausserrhoden. While SGKB operates out of Zurich in the remaining parts of German-speaking Switzerland in private banking and corporate banking segments, it is actively engaged in the German market through its subsidiary SGKB Germany. SGKB meets its responsibilities for the economic, social and cultural development of the region as an employer, taxpayer and sponsorship partner. The parent company operates with a state guarantee and has an Aa1/P-1 Bank Deposit Rating as well as an Aa2 Senior Unsecured Debt Rating from Moody's. Further information at: www.sgkb.ch/en