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# Media Release

St.Gallen, August 16, 2023

Ad hoc announcement pursuant to Art. 53 LR

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

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## St.Galler Kantonalbank proves strength

**St.Galler Kantonalbank (SGKB) generates a profit of CHF 108.4 million (+18.9%) in the first half of 2023. Both managed assets (+9.0%) and loans to clients (+3.8%) increase significantly and confirm the strong positioning of the bank.**

### Broad-based growth

SGKB acquired CHF 3.6 billion in net new money in the first half of the year (+6.6%). As of the end of June, it thus managed CHF 58.4 billion in assets. This strong growth is broad-based: The largest inflows were recorded by the client groups "Private Individuals Domestic", "External Asset Managers" and "Institutional Investors".

Loans to clients reached a new record level of CHF 31.6 billion (+3.8%). In addition to mortgages to private individuals and loans to companies, institutional real estate investors were the main contributors to this increase.

New additions due to the acquisition of Credit Suisse by UBS strengthened this growth in both managed assets and loans to clients. Overall, business volume reached the 90 billion mark for the first time.

### Interest structure normalizes

At CHF 108.4 million, consolidated profit was 18.9% higher than in the previous year. Since the key interest rate has returned to positive range, the interest margin has normalized. The gross result from interest operations increased by 27.2% to CHF 190.6 million. Savers also benefit from this normalisation: Currently, customers receive 1.0% interest on the shareholder savings account and 0.8% interest on the savings account.

The result from commission business and services remained slightly below the previous year's level (CHF -1.7 million). After the outbreak of the war in Ukraine, stock exchange transactions rose sharply, which led to higher brokerage income at that time. However, the currently friendlier market environment contributed to the higher result from trading activities (CHF +4.6 million) and the other result from ordinary activities (CHF +5.6 million).

As expected, operating expenses increased by 6.8%. The increase in the payroll and an increase in the number of employees led to a 4.1% increase in personnel expenses. General and administrative expenses increased by 12.1% due to larger investments in construction and IT projects as well as generally higher purchase prices.

### Outlook 2023

St.Galler Kantonalbank continues to expect a result above the previous year.

| (in CHF million)                | 1st semester 2022 | 1st semester 2023 | change |
|---------------------------------|-------------------|-------------------|--------|
| Operating income                | 245.9             | 290.7             | +18.2% |
| Operating result                | 106.9             | 138.9             | +29.9% |
| Consolidated profit             | 91.2              | 108.4             | +18.9% |
| Employees (average)             | 1'319             | 1'358             | +3.0%  |
| Full-time equivalents (average) | 1'120             | 1'144             | +2.1%  |

| (in CHF million)            | Dec 31, 2022 | June 30, 2023 | change |
|-----------------------------|--------------|---------------|--------|
| Balance sheet total         | 40'824       | 42'315        | +3.7%  |
| Total loans to clients      | 30'417       | 31'582        | +3.8%  |
| Managed assets <sup>1</sup> | 53'568       | 58'391        | +9.0%  |
| Shareholders' equity        | 2'771        | 2'788         | +0.6%  |

*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](http://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, also 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 Deposits Rating as well as an Aa2 Senior Unsecured Debt Rating from Moody's. Further information at: [www.sgkb.ch/en](http://www.sgkb.ch/en)

<sup>1</sup> Managed assets = Client funds (Due to clients in savings and deposits, other due to clients, medium-term notes) and assets under management. Not included are custody assets (=assets that are held solely for transaction and storage purposes and for which the Bank offers no advice to the clients).