
Media Release

St. Gallen, May 13, 2019

In accordance with SIX Swiss Exchange's Directive on Ad hoc Publicity this media release is dispatched outside trading hours.

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

SGKB announces further details on the share capital increase

The St.Galler Kantonalbank has started to implement its share capital increase. The subscription period for the new registered shares begins on May 15 and ends on May 23, 2019. The price of the new registered shares is expected to be between CHF 415 and CHF 440.

The Annual General Meeting of St.Galler Kantonalbank resolved on April 24, 2019, to create authorized capital of up to CHF 89'353'460, thereby authorizing the Board of Directors to increase the share capital at any time until April 24, 2021. The Board of Directors has made use of this authorization and has decided to increase the share capital of currently CHF 390'139'820, divided into 5'573'426 registered shares, by issuing up to 420'240 new registered shares and by subsequently increasing the nominal value of the registered shares from CHF 70 by CHF 10 to CHF 80 per registered share. In the event that the authorization is fully used, the share capital of SGKB would increase from CHF 390'139'820 by CHF 89'353'460 to CHF 479'493'280 and by then consist of 5'993'666 registered shares with a par value of CHF 80 each. This capital increase will further strengthen the bank's equity base and ensure strategic room for maneuver for sustainable growth. In addition, it is intended to prepare for any further increase in regulatory capital requirements at an early stage.

Canton of St.Gallen remains majority shareholder

Existing shareholders will be granted subscription rights for the entire amount of the new registered shares. The Canton of St.Gallen has waived its subscription rights in advance and will not participate in the rights offering, which may increase the free float and reduce the canton's stake from currently 54.8% to the legal minimum of 51.0%. With the waiver of its subscription rights, the canton enables a stronger engagement of private and institutional investors.

Subscription period and bookbuilding in May

The up to 420'240 new registered shares will be fully entitled to dividends for the 2019 financial year. They are placed at a subscription price close to the market price ("at market"), which is expected to be between CHF 415 and CHF 440. The subscription ratio was set to 6: 1, i.e. six subscription rights entitle to subscribe for one new registered share at the subscription price. Thus, the existing shareholders (excluding the Canton of St. Gallen) could, subject to the subscription ratio, obtain all new registered shares if they exercise all subscription rights. Registered shares which are not subscribed for via the rights offering may be subscribed to by the public and institutional investors in the course of a free share placement. Existing shareholders holding fewer than six existing registered shares will be given the opportunity to acquire at least one new registered share. No trading of subscription rights will take place. The subscription period for the new registered shares lasts from May 15 to May 23, 2019, 12:00/noon (CEST). Subscription rights which are not validly exercised within the subscription period expire without compensation and can no longer be asserted or taken into account. The bookbuilding period for the share placement lasts from May 15 to May 24, 2019, 12:00/noon (CEST).

Zürcher Kantonalbank acts as Lead Manager

Zürcher Kantonalbank has been mandated as the sole lead manager for the rights offering and the share placement. St.Galler Kantonalbank will act as co-manager. Zürcher Kantonalbank is also authorized to perform stabilization measures from May 27, 2019, during a maximum of 30 calendar days, on account of St.Galler Kantonalbank, in the amount of 30'000 registered shares, in accordance with article. 126 of the Financial Market Infrastructure Ordinance.

Offering prospectus

The offering prospectus can be downloaded under the following link:

www.sgkb.ch/kapitalerhoehung

Key data rights offering / share placement

Subscription price / placement price	is expected to be between CHF 415 and CHF 440 and will be determined by the SGKB Board of Directors on May 25, 2019, taking into account the exercise of the subscription rights and the result of the share placement.
Subscription ratio	6:1, six (6) subscription rights entitle to receive one (1) new registered share. Existing shareholders holding fewer than six existing registered shares will be given the opportunity to acquire at least one new registered share.
Number of new registered shares for the rights offering and the share placement	up to 420'240 registered shares.
Proceeds	up to approx. CHF 175.5 million from the capital increase, assuming that all 420'240 new registered shares are issued and purchased or placed at a mid price within the price range of CHF 415 and CHF 440.
Valor / ISIN / Ticker registered shares	1 148 406 / CH0011484067 / SGKN
Valor / ISIN Subscription rights	46 912 991 / CH0469129917

Indicative schedule

May 14, 2019, after close of trading	Cut-off date for the allocation of subscription rights
May 15, 2019	Ex date and start of subscription period for new registered shares; start of bookbuilding period for share placement
May 23, 2019, 12:00/noon	End of subscription period
May 24, 2019, 12:00/noon	End of bookbuilding period for share placement
May 27, 2019, before 07:30 a.m.	Announcement of the result as well as subscription price / placement price
May 27, 2019	Start stabilization period
May 29, 2019	First trading day and payment of the new registered shares (completion)
June 25, 2019	Latest possible end of stabilization measures

Nominal value increase

The increase of the par value of the existing registered shares and the new registered shares from CHF 70 by CHF 10 to CHF 80 per registered share is expected to take place in the summer of 2019 following the rights offering and the share placement. The increase takes place by reclassification of statutory capital reserves / reserves from tax-exempt capital contributions. No actions are required by the shareholders.

Media Relations:

Jolanda Meyer
Head of Media Relations
071 231 32 18
jolanda.meyer@sgkb.ch

Investor Relations:

Adrian Kunz
Secretary General
071 231 32 04
adrian.kunz@sgkb.ch

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 54.8% of the share capital. The St.Galler Kantonalbank offers a comprehensive range of financial services to its clients in its home market 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 credit rating from Moody's. Further information at: www.sgkb.ch/en

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