
Media Release

St.Gallen, February 16, 2022

Ad hoc announcement pursuant to Art. 53 LR

This text is a translation from the German language, which represents the relevant version.

St.Galler Kantonalbank increases profit and dividend

St.Galler Kantonalbank increases its consolidated profit by 8.4% to CHF 181.2 million and its business volume by 10.1%. The around 33'000 shareholders, including the Canton of St.Gallen, benefit from a higher dividend. At the same time, SGKB launches its service for children and young people called «SGKB You».

Profit rises by 8.4%

Consolidated profit increases by 8.4% to CHF 181.2 million. The result from commission business and services (+23.9%) and the result from trading activities (+14.0%) benefit from the strong growth in new money and the favourable market development. The net result from interest operations is 1.6% lower than in the previous year. Here, the volume growth cannot fully compensate for the declining margins due to the low interest rates. Overall, operating income increases by 6.6% to CHF 518.9 million.

Operating expenses rise by 3.2% to CHF 277.2 million. The year 2021 was characterised by further expenses for digital solutions and the ongoing modernisation of the branch network, which is reflected in general and administrative expenses (+6.8%).

Strong growth again

St.Galler Kantonalbank increases its managed assets by 14.8% to CHF 55.8 billion. All business areas are contributing to this strong growth, in the home market as well as in the German-speaking part of Switzerland and in Germany. Total loans to clients increase by 1.8% to CHF 28.5 billion, of which CHF 0.6 billion come from mortgage loans, which grow by 2.2%. CEO Christian Schmid: «We benefit from the fact that many people with financial questions like to turn to a close and familiar bank.»

Resilient economy, solid loan portfolio

The economy of Eastern Switzerland proved its robustness last year and continuously recovered from the Corona shock. The order situation and the employment for 2022 continue to be positive. Accordingly, the credit portfolio of the St.Galler Kantonalbank is still in a very good condition. No increased risks can be identified. Compared to the previous year, there is a positive effect of CHF 10.0 million net in value adjustments and provisions from the lending business. In return, CHF 10.0 million in reserves for general banking risks are created.

Dividend increased

The shareholders of St.Galler Kantonalbank also benefit from this very good result. The Board of Directors will propose to the Annual General Meeting on May 4, 2022 to increase the dividend by one Swiss franc to CHF 17 per share. This corresponds to a dividend yield of 3.9% calculated on the year-end share price of 2021. CHF 52.0 million will be paid out to the Canton of St.Gallen as the main shareholder.

Outlook result 2022

St.Galler Kantonalbank expects for the 2022 financial year a result in line with the previous year.

«SGKB You» launched for children and young people

True to its claim of being the financial life companion for its clients, SGKB is strengthening its offer for children and young people. The free account available from birth accompanies them through kindergarten and schooling until they complete their apprenticeship or studies. From the age of six, children can get a Debit Mastercard and an app to manage their own money and achieve their saving goals. Parents always retain full control and can thus support their children. CEO Christian Schmid: «It is important to us not only to offer children great and practical apps, but also to teach them how to handle money. That's why we are also supporting the two initiatives jugendbudget.ch and Finance Mission together with the other cantonal banks.»

Key figures

In CHF million	2020	2021	change
Operating income	486.7	518.9	+6.6%
Operating result	191.7	220.2	+14.9%
Consolidated profit	167.2	181.2	+8.4%

In CHF million	Dec. 31, 2020	Dec. 31, 2021	change
Balance sheet total	38'548	39'581	+2.7%
Total loans to clients	28'016	28'517	+1.8%
Managed assets ¹	48'628	55'813	+14.8%
Total shareholders' equity	2'591	2'684	+3.6%
Employees	1'297	1'314	+1.3%
Full-time equivalents ²	1'115	1'121	+0.5%

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

¹ 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).

² Average balance