MEDIA RELEASE
27 January 2016

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

HSZH Verwaltungs AG completes Swiss Bank Program

HSZH Verwaltungs AG has reached an agreement with the U.S. Department of Justice (DOJ) under the Swiss Bank Program. The one-time penalty payment amounts to USD 49.7 million.

Hyposwiss Privatbank AG, Zurich, the business of which was sold to various banks in 2013, participated in category 2 of the DOJ's Swiss Bank Program to resolve its tax issues in relation to U.S. clients. Since the sale of its business in 2013, HSHZ Verwaltungs AG (previously Hyposwiss Privatbank AG, Zurich) has been winding down its residual operations; it surrendered its banking licence in 2014 and it no longer carries out any banking operations.

After a review of its client portfolio and cooperation with the DOJ, HSHZ Verwaltungs AG signed a Non-Prosecution Agreement (NPA) to reach a final resolution. Under the terms of the NPA, HSHZ Verwaltungs AG has to pay a penalty of USD 49.7 million.

With this agreement, St.Galler Kantonalbank group, including the previous subsidiaries Hyposwiss Zurich and Hyposwiss Geneva, has completed its participation in the DOJ's Swiss Bank Program. The costs associated with participation in the program and the penalties for all three companies are included in the financial statements of the year 2015. The group net profit is expected to be about CHF 133 Mio. As in the previous year, a dividend payment of CHF 15 per share will be proposed to the Annual General Meeting of 27 April 2016.

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