Financial Report 2024

Report on the Financial Statements 2024

Balance sheet (in CHF thousands)

	2024	2023	Change as %
Total assets	28,700,190	27,960,449	+2.6
Advances to customers	23,510,029	22,674,544	+3.7
Financial investments	1,425,603	1,461,574	-2.5
Customer deposits	16,983,336	16,507,088	+2.9
Equity (after repartition)	2,627,821	2,499,146	+5.1

In 2024, the balance sheet total rose by CHF 0.7 billion or 2.6% to CHF 28.7 billion.

This was primarily attributable to the strong growth in advances to customers of CHF 0.8 billion or 3.7%. Mortgage loans alone rose by CHF 0.8 billion to CHF 19.8 billion.

New credit limits totaled CHF 2.8 billion.

Customer deposits in all forms rose by CHF 0.5 billion to CHF 17 billion.

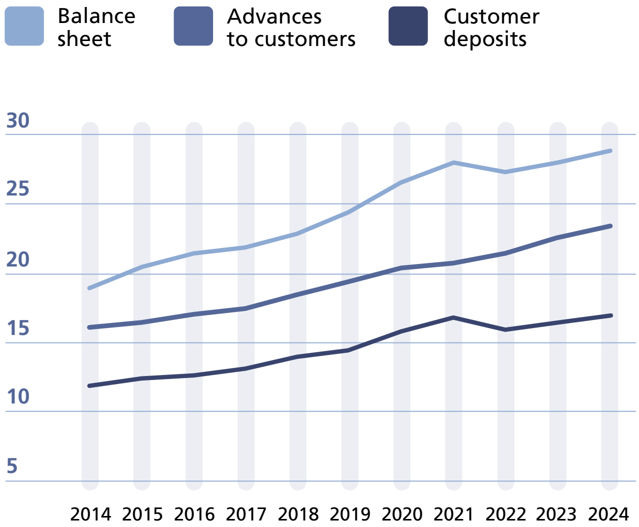
Cash and cash equivalents

According to Article 13 et ff. of the Ordinance to the Federal Act on the Swiss National Bank (OBN) of 18 March 2004, the average monthly liquidity requirement for the reference period from 20 December 2024 to 19 January 2025, amounts to CHF 462.9 million. In December 2024, the daily average for that period shows a balance of CHF 3,418.4 million, which is CHF 2,955.5 million above the required amount.

In terms of liquidity reserves, the short-term liquidity ratio (LCR) based on the Basel III agreement is 191%, well above the regulatory limit of 100%.

Balance sheet overview 2014 - 2024

(in CHF billion)



Assets

Receivables from banks, consisting mainly of short- and medium-term deposits placed with investment-grade banks, amounted to CHF 0.1 billion.

At the end of 2024, as at the end of 2023, the balance sheet contains no receivables from securities financing transactions (reverse repo).

Advances to customers, less value adjustments for default risks, increased by CHF 0.8 billion to CHF 23.5 billion (+3.7%).

Mortgage loans rose by CHF 0.8 billion to CHF 19.8 billion (+4.4%). Other amounts due from customers amount to CHF 3.7 billion.

The significant increase in advances to customers demonstrates BCF's strong support for the economy of the Canton of Fribourg, particularly for SMEs and the real estate market, while practicing sound risk management.

Financial investments amounted to CHF 1.4 billion. They include securities acquired for investment purposes and as a cash reserve (over 99%), precious metals stocks and real estate held for resale.

Tangible fixed assets, consisting mainly of buildings used by the Bank, are recorded in the balance sheet at CHF 80.6 million, after depreciation.

Liabilities

On the liabilities side, total liabilities to banks remained stable at CHF 1.2 billion.

At the end of 2024, BCF had no receivables from securities financing transactions.

Customer deposits rose from CHF 0.5 billion to CHF 17 billion.

Cash bonds increased by 19.6% to 0.4 billion.

Total borrowings and loans from the central mortgage bond institution amounted to CHF 7.6 billion. In 2024, the Bank issued two new bonds of CHF 250.0 million and subscribed to the various issues of the Pfandbriefzentrale Schweizer Kantonalbanken for a total amount of CHF 520.0 million. During the same period, CHF 363.0 million of the Pfandbriefzentrale Schweizer Kantonalbanken were repaid and CHF 150.0 million of the bonds were repaid.

Provisions comprise amounts to hedge the Bank's operational risks and value adjustments for default risks on off-balance-sheet liabilities. They amounted to CHF 11.8 million, compared to CHF 19.1 million.

The reserves for general banking risks, considered as equity capital, were increased by an allocation of CHF 63.0 million. They amount to CHF 782.0 million.

Assets breakdown in %

69.1	Mortgage loans
12.8	Amounts due from customers
11.7	Cash and cash equivalents
5.0	Financial investments
0.4	Receivables from banks
0.3	Tangible fixed assets
0.3	Participations
0,2	Other assets
0.1	Positive replacement value of derivative financial instruments
0.1	Accrued expenses and deffered income

Liaibilities breakdown in %

57.7	Amounts due in respect of client deposits
26.4	Bond and central mortgage institution loans
9.5	Shareholders' equity
4.3	Amounts due to banks
1.5	Cash bonds
0.3	Accrued expenses and deferred income
0.2	Negative replacement value of derivative financial instruments
0.1	Other liabilities

Shareholders' equity

Shareholders' equity consists of the endowment capital, the legal reserve and the reserves for general banking risks. The endowment capital of CHF 70 million, which has remained unchanged since 1981, is made available in its entirety by the State of Fribourg.

After allocating funds to reserves for general banking risks and after profit distribution, total equity increased by CHF 128.7 million to CHF 2.6 billion. The CET1 (Common Equity Tier 1) ratio was 18.93%. BCF thus largely complies with the relevant requirements.

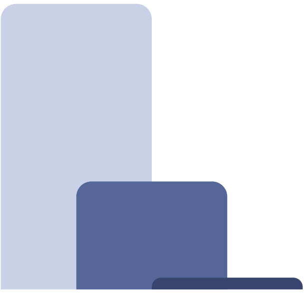
Income statement

BCF is achieving an increase in an exercise described as excellent. This record result allows BCF to pay the Canton CHF 98 million, CHF 23 million more than the previous year. Taking into account taxes, the canton, municipalities and parishes receive a total of CHF 107.9 million.

These results also enable BCF to strengthen its equity base and allocate CHF 63.0 million to reserves for general banking risks and CHF 61 million to the retained earnings reserve.

This confirms BCF's strong market position by offering a local service and decisive and sustainable support to the Canton economy, while at the same time achieving very good operational profitability.

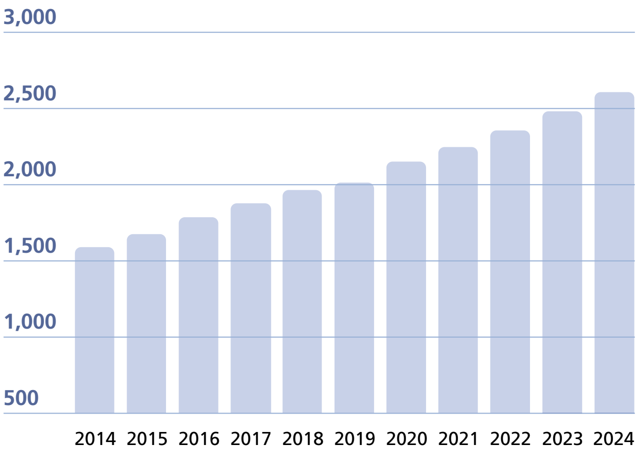
Breakdown of equity in % after distribution of profit



Breakdown of operating revenues in %

Evolution of equity 2014 - 2024

(in million CHF)



Operating income

Total operating income increased by CHF 24.2 million to CHF 394.7 million (+6.5%).

Interest operations

Net interest income rose by CHF 14.1 million to CHF 336.5 million (+4.4%)

This result, driven by the growth in advances to customers, is also influenced by the favourable change in value adjustments for default risk and losses related to interest operations, amounting to CHF 15.1 million, compared with CHF 28.5 million the previous year.

The share of interest income represents 85% of the total operating income.

Commission and service operations

The result of commission, wealth management and service operations, progressed substantially from CHF 3.1 million to CHF 42.4 million (+7.9%).

Trading operations

Income from trading operations, which is mainly composed of income from foreign exchange and precious metals, progressed from CHF 0.9 million to CHF 11.7 million (+7.8%).

Other ordinary results

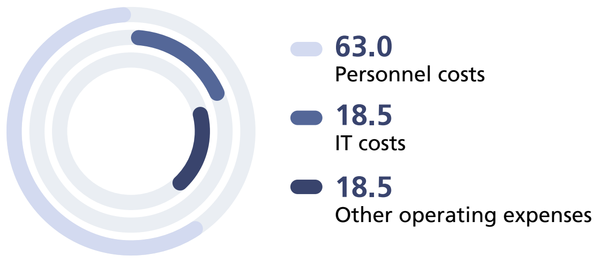
Other ordinary results show income of CHF 4.1 million, compared with excess of expenses of CHF 2.0 million the previous year.

Operating expenses

Operating expenses total CHF 131.6 million, an increase of CHF 4.9 million (+3.9%). Provided for in the budget, they once again emphasise BCF's willingness to invest in the future. With this in mind, it has increased its workforce and continued to modernise its head office and branch network, as well as investing in innovation projects, digitalisation and process simplification.

The cost-to-income ratio after depreciation was 35.3%, confirming the Bank's effectiveness.

Breakdown of operating expenses in %



Results

Value adjustements on participations, depreciation and amortisation of tangible fixed assets and intangible assets

Depreciation of tangible fixed assets and value adjustments on investments totaled CHF 26.7 million, compared with CHF 10.2 million the previous year, an increase of CHF 16.5 million.

Changes in provisions and other value adjustments, losses

Changes in provisions, other value adjustments and losses have no impact on the 2024 operational result.

Operating income

Operating income reached CHF 236.5 million, an increase of CHF 12.3 million (+5.5%).

Taxes

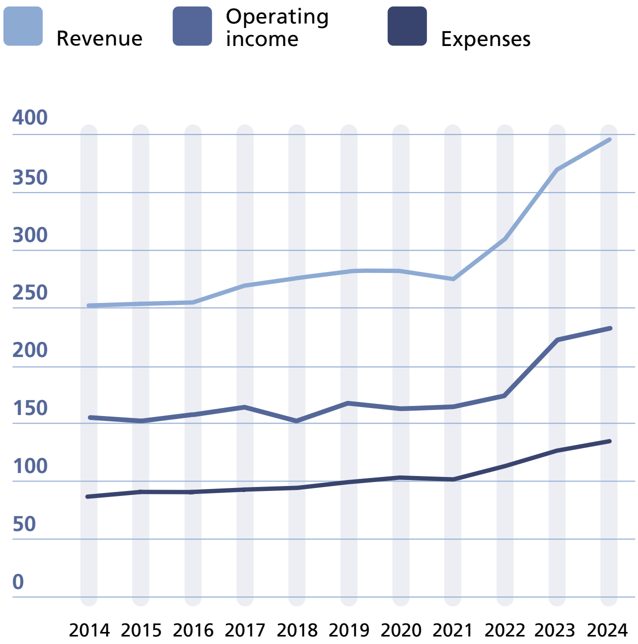
The municipalities received CHF 4.1 million, the parishes CHF 0.5 million and the Canton CHF 5.3 million.

Profit for the year

After an allocation of CHF 63.0 million to the reserves for general banking risks, profit amounted to CHF 163.7 million, an increase of CHF 2.2 million or +1.3%.

Development of results 2014 - 2024

(in million CHF)



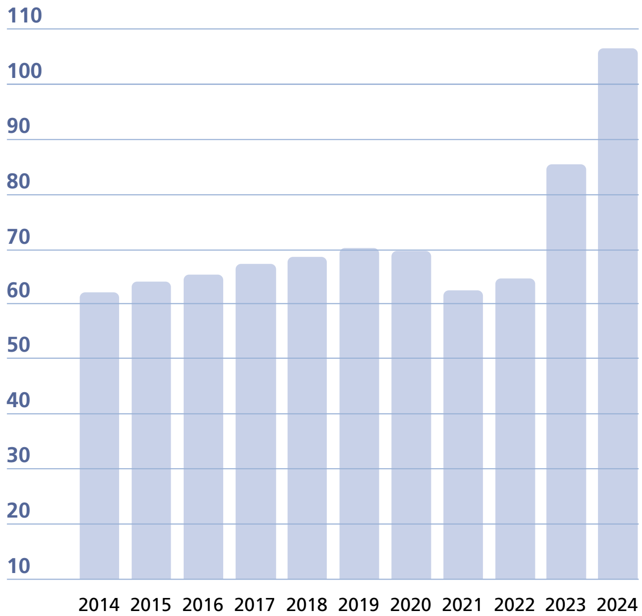
Breakdown of profit

At their meeting on 31 January 2025, the Board of Directors approved the presented financial statements. It recommends the following appropriation of profit and distributions:

Profit of the year	CHF	163,674,530
Retained earnings	CHF	146,230
Profit shown on the balance sheet	CHF	163,820,761
Breakdown of profit		
Compensation for the State guarantee	CHF	30,000,000
Remuneration of the endowment capital	CHF	48,000,000
Additional payment to the State	CHF	20,000,000
Allocation to reserve fund	CHF	61,000,000
Retained earnings	CHF	4,820,761

Evolution of the annual payment (including taxes) to the State 2014 - 2024

(in CHF million)



The Bank expresses its gratitude to its loyal clientèle for their trust. It is committed to continuously improving the quality of its services.

On behalf of the Board of Directors: A. Geissbühler, Chairman
On behalf of the Executive Board: D. Wenger, Chairman

Balance sheet as of 31 December 2024

(in thousand CHF)

			Change	
Assets	**31/12/2024**	**31/12/2023**	**In CHF**	**In %**
Cash and cash equivalents	3,363,115	3,306,651	56,464	1.7
Receivables from banks	129,150	264,447	-135,297	-51.2
Amounts due from securities financing transactions	0	0	0	0.0
Amounts due from customers	3,677,813	3,675,499	2,314	0.1
Mortgage loans	19,832,216	18,999,045	833,171	4.4
Trading portfolio assets	8,916	4,477	4,439	99.2
Positive replacement value of derivative financial instruments	18,343	59,360	-41,017	-69.1
Other financial assets at fair value	0	0	0	0.0
Financial investments	1,425,603	1,461,574	-35,971	-2.5
Accrued expenses and deffered income	38,436	43,664	-5,228	-12.0
Participations	79,487	65,680	13,807	21.0
Tangible fixed assets	80,630	74,459	6,171	8.3
Intangible assets	0	0	0	0.0
Other assets	46,481	5,593	40,888	>100.0
Assets	**28,700,190**	**27,960,449**	**739,741**	**2.6**
Total subordinated assets	75,257	75,258	-1	0.0
Of which subject to mandatory conversion and/or conditional write-off	0	0	0	0.0
Liabilities				
Amounts due to banks	1,241,199	1,388,165	-146,966	-10.6
Liabilities arising from securities financing transactions	0	0	0	0.0
Amounts due in respect of customer deposits	16,554,827	16,148,774	406,053	2.5
Trading portfolio liabilities	0	0	0	0.0
Negative replacement values of derivative financial instruments	56,889	49,842	7,047	14.1
Other financial liabilities at fair value	0	0	0	0.0
Cash bonds	428,509	358,314	70,195	19.6
Bonds and central mortgage institution loans	7,564,000	7,307,000	257,000	3.5
Accrued expenses and deferred income	96,790	94,002	2,788	3.0
Other liabilities	20,382	21,140	-758	-3.6
Provisions	11,773	19,066	-7,293	-38.3
Reserves for general banking risks	782,000	719,000	63,000	8.8
Endowment capital	70,000	70,000	0	0.0
Retained earnings	1,710,000	1,623,000	87,000	5.4
Retained profit	146	650	-504	-77.5
Profit of the year	163,675	161,496	2,179	1.3
Total liabilities	**28,700,190**	**27,960,449**	**739,741**	**2.6**
Total subordinated liabilities	0	0	0	0.0
Of which subject to mandatory conversion and/to debt waiver	0	0	0	0.0
Off-balance-sheet transactions				
Contingent liabilities	214,233	213,314	919	0.4
Irrevocable commitments	191,011	225,214	-34,203	-15.2
Commitments relating to calls on shares other equity securities	48,552	48,552	0	0.0
Confirmed credits	0	0	0	0.0

Income statement 2024

(in thousand CHF)

	2024	2023	Change In CHF	Change In %
Interest and discount income	510,534	468,013	42,521	9.1
Interest and dividend income from trading operations	157	85	72	84.7
Interest and dividend income from financial investments	15,185	11,809	3,376	28.6
Interest expense	-174,142	-128,990	45,152	35.0
Net interest income before loan impairment charges/reversals	**351,734**	**350,917**	**817**	**0.2**
Changes in value adjustments for default risks and losses on interest transactions	-15,211	-28,540	-13,329	-46.7
Net interest income after loan impairment charges/reversal (NII)	**336,523**	**322,377**	**14,146**	**4.4**
Fees and commissions on securities and investment transactions	20,246	19,048	1,198	6.3
Fees and commissions on credit operations	2,041	2,213	-172	-7.8
Fees and commissions on other services	23,494	21,608	1,886	8.7
Fee and commission expense	-3,379	-3,565	-186	-5.2
Net fee and commission income	**42,402**	**39,304**	**3,098**	**7.9**
Net trading income and fair-value adjustments	**11,748**	**10,897**	**851**	**7.8**
Gains/losses on disposals of financial investments	5,950	35	5,915	>100.0
Income from participations	2,849	2,815	34	1.2%
Real-estate income	68	-170	238	>100.0
Other ordinary income	477	611	-134	-21.9
Other ordinary expenses	-5,268	-5,301	-33	-0.6
Other ordinary income	**4,076**	**-2,010**	**6,086**	**>100.0**
Total operating revenues	**394,749**	**370,568**	**24,181**	**6.5**
Personnel costs	-82,868	-81,388	1,480	1.8
Other operating expenses	-48,713	-45,272	3,441	7.6
Operating expenses	**-131,581**	**-126,660**	**4,921**	**3.9**
Value adjustements on participations, depreciation and amortisation of tangible fixed assets and intangible assets	**-26,743**	**-10,227**	**16,516**	**>100.0**
Changes in provisions and other value adjustments, losses	**117**	**-9,423**	**9,540**	**>100.0**
Operating profit	**236,542**	**224,258**	**12,284**	**5.5**
Extraordinary income	0	0	0	0.0
Extraordinary expenses	0	0	0	0.0
Change in reserves for general banking risks	-63,000	-52,000	11,000	21.2
Taxes	-9,867	-10,762	-895	-8.3
Profit of the year	**163,675**	**161,496**	**2,179**	**1.3**
Retained earnings	146	650	-504	-77.5
Profit shown on the balance sheet	**163,821**	**162,146**	**1,675**	**1.0**
Appropriations				
Compensation for the State guarantee	30,000	44,500	-14,500	-32.6
Remuneration of the endowment capital	48,000	11,000	37,000	>100.0
Additional payment to the State	20,000	19,500	500	2.6
Allocation to fund reserve	61,000	87,000	-26,000	-29.9
Retained earnings	4,821	146	4,675	>100.0

Cash flow statement as of 31 December 2024

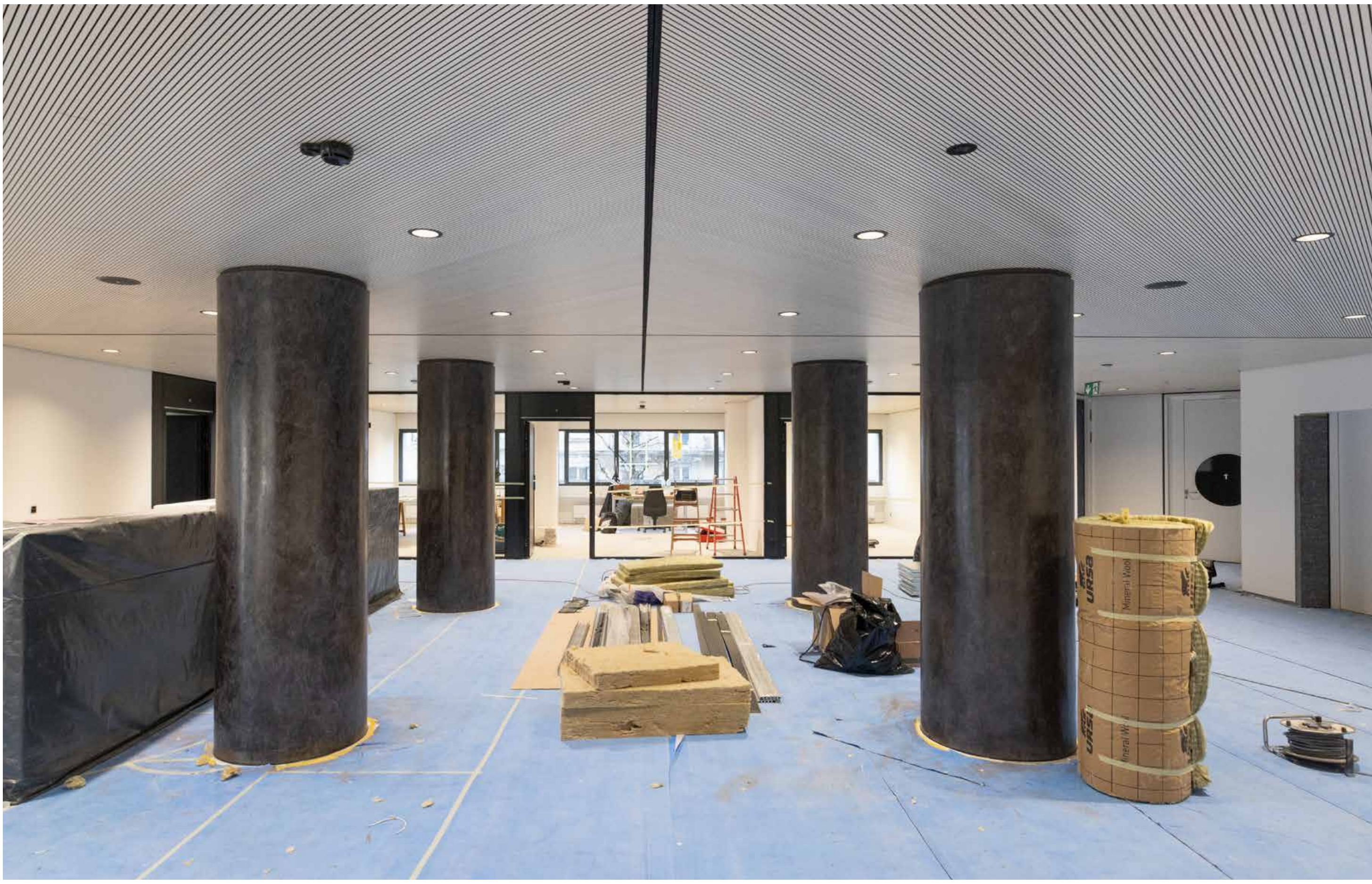
(in thousand CHF)

	Reporting year		Previous year	
Cash flow from operations:	Source	Use	Source	Use
Net profit for the year	163,675		161,496	
Change in reserves for general banking risks	63,000		52,000	
Value adjustments on participations, depreciation on tangible and intangible assets	26,743		10,227	
Provisions and other value adjustments		7,293	8,874	
Changes in value adjustments for default risks and losses	7,727		22,592	
Active delimitations	5,228			10,526
Passive delimitations	2,788		7,412	
Payment to the State		75,000		57,000
Balance	**269,161**	**82,293**	**262,601**	**67,526**
Cash flow from investments				
Balance	**0**	**0**	**0**	**0**
Cash flow from investments:				
Participations		32,835		2,081
Real property		7,282		5,930
Other tangible fixed assets		6,604		8,833
Balance	**0**	**46,721**	**0**	**16,844**
Cash flow from banking operations:				
Due to banks – short term		91,966		34,959
Due to banks – long term		55,000	45,000	
Receivables from banks – short term	135,297		217,795	
Receivables from banks – long term			49,965	
Liabilities arising from securities financing transactions – short term				
Liabilities arising from securities financing transactions – long term				
Amounts due from securities financing transactions – short term				
Amounts due from securities financing transactions – long term				
Amounts due in respect of client deposits	406,053		355,420	
Amounts due from customers		1,805		448,570
Mortgage loans		841,407		678,892
Negative replacement value of derivative financial instruments	7,047			12,852
Positive replacement value of derivative financial instruments	41,017		46,646	
Cash bonds	114,160	43,965	109,935	45,184
Borrowings	250,000	150,000	150,000	200,000
Long-term borrowings	520,000	363,000	387,000	264,000
Financial investments	35,971		12,899	
Trading operations		4,439		1,657
Other liabilities		758		27,369
Other receivables		40,888	449	
Balance	**1,509,545**	**1,593,228**	**1,375,109**	**1,713,483**
Cash and cash equivalents status:				
Cash and cash equivalents		56,464	160,143	
Balance	**1,778,706**	**1,778,706**	**1,797,853**	**1,797,853**

Statement of changes in equity as of 31 December 2024

(in thousand CHF)

	Endowment capital	Reserves for general banking risks	Retained earnings	Retained profit/loss	Result for the period	Balance
Equity at the beginning of the reporting period	**70,000**	**719,000**	**1,623,000**	**162,146**		**2,574,146**
Dividends and other distributions				-75,000		-75,000
Other allocations to (withdrawals) from reserves for general banking risks		63,000				63,000
Other allocations (withdrawals) from other reserves			87,000	-87,000		0
Profit/loss for the year					163,675	163,675
Equity at the end of the reporting period	**70,000**	**782,000**	**1,710,000**	**146**	**163,675**	**2,725,821**



Notes to the Financial statements

Comments on the activity

The Banque Cantonale de Fribourg (BCF) is a legal entity under public law distinct from the State. Its headquarters are in Fribourg.

Staff

As of 31 December 2024, the Bank had 548 employees (31 December 2023: 532) representing 458 full-time jobs (31 December 2023: 443).

Activities

BCF offers the services of a local universal bank. It plays a key role in the Fribourg banking market thanks to its knowledge of the economic fabric and its strong presence. It offers its clients tailor-made solutions. It concentrates its activities in the following areas:

Interest operations

With a share of 85% of total revenues, interest operations are the main source of income. Advances are generally granted in return for mortgage cover on residential, commercial and industrial buildings. Commercial loans are granted in particular to SMEs in all economic sectors of the canton.

Changes in value adjustments for default risks and losses related to interest transactions are deducted from gross interest income and thus directly impact the interest margin.

The majority of interbank transactions are short- and medium-term. For long-term refinancing, BCF uses recourse to the capital market. It issues bonds in its own name at irregular intervals and, as a member of the Pfandbriefzentrale Schweizer Kantonalbanken, participates in the bonds issued by this organisation.

Interest rate risks are managed mainly through interest rate swaps.

Customer deposits, including cash bonds, cover 72% of the advances to customers.

Commission and service business

The commission and service business accounts for 10.7% of total revenues. Securities trading, investment advisory, wealth management, and payment transactions make up the majority of the commission and service business. These financial services are used by private clients, institutional investors and commercial companies.

Trading business

Trading business, which accounts for 3.0% of total revenues, consists mainly of foreign exchange, precious metals and currency transactions carried out on behalf of clients. These transactions are carried out within specific limits, without any significant open positions.

Other areas of activity

To meet liquidity requirements, the Bank manages its own securities portfolio. It consists mainly of fixed-interest positions that can be discounted with the Swiss National Bank for high-quality repo transactions (Repurchase and Reverse Repurchase Agreements). BCF operates through a network of 27 branches, including one online. It also operates 58 ATMs, 23 depomats and 11 self-service areas.

Outsourcing

In particular, BCF has outsourced IT-related activities to Swisscom (Switzerland) AG and document scanning to Swiss Post AG within the meaning of FINMA circular 2018/3 ("Outsourcing - banks and insurers").

Exceptional or subsequent events

No events to report.

Financial statements as of 31 December 2024

The financial statements as of 31 December 2024, in French, German and Englisch, were approved by the Board of directors on 13 March 2025. Subsequently a material misstatement was identified in the income statement of the English version of the financial statements ("Wrong version of the income statement presented"). On 17 April 2025, the board decided to withdraw the initial financial statements in its English version and approved a new corrected version of the financial statements as of 31 December 2024 in English only (the French and German versions are not affected by the misstatement).

Accounting and valuation principles

General principles

The accounting and reporting principles comply with the provisions of the Swiss Federal Law on Banks and Savings Banks and its implementing ordinance, the accounting regulations, i.e., the FINMA Accounting Ordinance and the FINMA Directive 2020/01 ("Accounting for Banks"), as well as the Swiss Code of Obligations. The financial statements are established in accordance with the true and fair view principle (statutory individual accounts) as of December 31.

The figures in the notes and supplementary information have been rounded for publication purposes. Potential discrepancies in addition are therefore possible.

Recording of transactions

All transactions are recorded in the Bank's books on the day they are concluded (trade date accounting).

Translation of foreign currency transactions and balances

Assets and liabilities expressed in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Income and expenses are translated at the exchange rates prevailing at the dates of the transactions. Gains and losses are recorded in the result of "Trading operations" or in "Other ordinary results".

Applied prices:	31/12/2024	31/12/2023
EUR	0.9416	0.927
USD	0.9045	0.837
GBP	1.13405	1.067

Cash and cash equivalents

Cash and cash equivalents are recorded in the balance sheet at nominal value.

Loans and advances to banks and customers, mortgage loans

Loans and advances to customers and banks are recorded at nominal value. Impaired loans, i.e. loans for which there are indications that the contractual clauses will not be fully complied with, are valued at their liquidation value. After taking into account the collateral provided, the residual risk of loss on these receivables is covered by individual value adjustments. The valuation of individualized value adjustments takes into account all the client's liabilities.

When the value adjustment is first made, the expense is entered globally under the heading "changes in value adjustments for default risk and losses from interest transactions". Releases of value adjustments or provisions that have become free are also recorded under "changes in value adjustments for default risk and losses from interest transactions". In the event of changes in credit utilisation, the Bank makes a non-income-relevant reclassification between the value adjustment applicable to the corresponding balance sheet position and the provision made for the undrawn portion of the limit. The individual value adjustments are offset on the assets side of the balance sheet against the corresponding active positions.

Interest due and unpaid for more than 3 months, i.e. impaired interest, are automatically and fully classified as provision.

Amounts recovered from receivables written off in previous years are released through the income statement item "changes in value adjustments for default risks and losses from interest transactions".

At the end of each quarter, each impaired receivable is reassessed and the value adjustment is adjusted if necessary.

A value adjustment is also made to cover the inherent risk of default on the non-impaired loan portfolio.

Value adjustments for inherent default risks are created, used or released via the item "changes in value adjustments for default risks and losses from interest transactions" for off-balance sheet positions.

Provisions are made for interest on impaired loans and loans with collection problems, or interest due and unpaid after 90 days.

Securities and precious metals held for trading

Securities and precious metals trading portfolios are always valued and carried on the balance sheet at fair value. Price gains and losses are recognised in the result of «Trading operations». Interest and dividend income from trading portfolios is recognised in the result of "Interest operations".

Financial assets

Interest-bearing securities classified as financial assets are recorded in the balance sheet at their acquisition value, with the premium or discount being amortised until the maturity of the securities (accrual method).

Other financial asset securities and precious metals are valued according to the lowest value principle. The balance of the adjustments in value is recorded under "Other ordinary expenses" or "Other ordinary income".

Properties held for resale are valued at the lower of cost or liquidation value. The liquidation value also takes into account the retention period of the properties.

Repurchase and reverse repurchase agreements

Repurchase and reverse repurchase agreements are accounted for as follows:
- The cash amounts exchanged are reported in the balance sheet under "Receivables from securities financing transactions", respectively "Liabilities arising from securities financing transactions".

- Securities transferred for collateral purposes do not require a balance sheet entry, as the transferring Bank remains the beneficial owner.

- The subsequent disposal of securities received involves a balance sheet entry. This results in a non-monetary liability being recorded at market value.

Participations

Participating interests are valued at no more than their acquisition cost, less economically necessary depreciation.

In the case of participations in companies whose securities are listed on the stock exchange, the valuation is based on the stock exchange value, but not more than the acquisition cost.

Participations of an economic support or sponsoring nature, irrespective of the percentage holding, whose liquidation value is not significant, are valued at CHF 1 in the balance sheet.

Tangible fixed assets

Bank-owned buildings and land, carried at acquisition cost, are depreciated using the declining balance method based on their expected economic life. Land is not depreciated. Renovation work and investments are capitalised if the market value or value in use is increased on a permanent basis or if they lead to an increase in the useful life.

Fixed installations and conversions in own or leased bank premises, the costs of which exceed CHF 50,000, are capitalised and depreciated over a maximum life of 10 years. For leased premises, the remaining term of the lease is taken into account.

Other tangible fixed assets, such as furniture, machinery and vehicles, with a cost of more than CHF 5,000, as well as computer software licenses with a cost of more than CHF 50,000, are recorded in the balance sheet at their acquisition value and depreciated over their useful life, but over a maximum of 5 years.

The principle of individual valuation is applied.

Accrued expenses and deferred income

The timing of income and expenses for the year is recorded in the accruals and deferrals accounts.

Provisions

Provisions for operating risks and for the economically necessary default risks of off-balance-sheet liabilities are valued individually on the reporting date.

Value adjustments to balance sheet receivables are deducted from the corresponding items and are therefore not included in this position.

Reserves for general banking risks

Reserves for general banking risks are set aside to cover latent risks in the business by debiting the item "Changes in reserves for general banking risks". They are recognised as core capital within the meaning of the Swiss Federal Banking Ordinance and are not subject to tax.

Commissions on credit business

The Bank records lending fees under «Interest income». Commissions on the conversion of variable rates into fixed rates are recorded under "Commission transactions".

Derivative financial instruments

As part of its Asset and Liability Management activities, the Bank enters into interest rate swaps on its own behalf to hedge fixed-rate loans granted to customers. These hedging transactions are subject to periodic effectiveness tests. The results are recorded under the same income statement heading as the hedged transaction.

Trading positions in derivatives are valued at market prices.

The Bank also carries out forward exchange transactions involving the purchase and sale of covered options on behalf of its clients and for its own account. The positive and negative replacement values of open derivative financial instruments on the balance sheet date are recorded under the heading "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments" respectively. The volumes of all open contracts are shown off balance sheet.

Pension commitments

The Bank has an independent pension fund for the occupational benefits of its employees, known as the «Caisse de prévoyance du personnel de la Banque Cantonale de Fribourg», which is an institution under public law. The pension fund is registered with the Bernese supervisory authority for pension funds and foundations in accordance with Article 48 LPP.

The financial statements are prepared in accordance with Swiss GAAP FER 26.

The employer has no contribution reserves in the Fund.

As of 1 January 2025, 524 active insured and 214 pensioners are affiliated to the pension fund (previous year: 512 and 201).

The pension plan adopted is a so-called «defined contribution plan» and covers the usual pension risks, i.e. retirement and disability pensions, as well as the risk of death. The contributions paid by the Bank to the pension fund for 2024 amounted to CHF 9.7 million (see table on page 74).

Taxes

Taxes are calculated on the basis of the Bank's results and take into account the principle of linking to the reporting period.

Changes in accounting and valuation principles

There were no changes in accounting and valuation principles during the year 2024.

Factors affecting the Bank's economic situation

The successive reductions in the key interest rate will impact the 2025 interest result. However, the profit outlook remains intact and financial strength will be further improved.

The Bank's approach to risk management

Objectives

Banking activities consist of taking strategic and business, credit and market risks in order to generate economic profit and, indirectly, by gaining an exposure to operational risks. Within BCF, all risks are managed in an integrated and consistent manner by a process that concerns all functions of the Bank and whose overall objectives are:

- Knowledge of risk exposure, in the sense that it is assessed, monitored and carried forward appropriately in relation to the economic and regulatory environment.
- A match between the Bank's risk-taking capacity and its risk profile.
- An optimisation of returns in comparison to the risks taken and thus to the equity capital committed.

The Bank's risk management is based on the following principles:

- The Bank takes strategic and business risks, credit risks and market risks with the aim of generating economic profit.
- The Bank seeks to minimize its exposure to operational risks arising from its operations.
- All risk-taking is clearly in line with the Bank's business activities and the risk profile concerned.
- The risk-taking level must be in line with the risk tolerance in terms of variability of the operating result and the target level of equity capital.
- The Bank shall enter into and maintain solely positions of which it is aware and can manage the risks.
- All risks are assessed and monitored with regard to their financial impact, their regulatory impact and their impact on the Bank's reputation.
- Risk management applies the same definitions, methodological principles and organisational principles throughout the Bank.
- The Bank is continuously improving its risk assessment and control methods and processes by seeking quality approaches in line with the risks taken.

- The Bank aims for a high level of risk management culture and skills. It is based on the Basel Committee's best practices and recommendations.

Risk structure

The Bank monitors five risk categories for all of its activities:
- Strategic and business risk that, in the case of strategic risk, results from the occurrence of a change in the economic or regulatory environment that affects the Bank's strategic choices in a negative way or, in the case of business risk, for a given strategy, results from the effects of economic or competitive changes that negatively affect business decisions.

  Credit risk that results from the possible event of default by a counterparty. Credit risk is intrinsically associated with any credit exposure.

- Market risk arising from the possible event of adverse changes in market parameters, in particular prices and rates, implied volatilities, and other underlying effects in the markets.

- Liquidity risk is also considered to be a market risk both in terms of the possible difficulty of structural refinancing of the business and the potential problems associated with short-term liquidity management. Market risk is intrinsically linked to market exposures.

- Operational risks arising from the possible occurrence of an inadequacy or malfunction due to inappropriate processes, persons or systems, or to malicious acts. Operational risk includes non-compliance in the sense of risk of non-compliance with the Bank's legal provisions, norms and rules. Operational risks are intrinsically related to business operations. These risks are analysed and managed according to their potential impact.

There are three types of impact:
- Financial impact, i.e. a decrease in net profit, the book value and/or the economic value of the equity.

- Regulatory impact, i.e. intervention by the authorities resulting from a breach of the legal and regulatory framework to which the Bank is subject.

- Reputational impact, i.e. adverse public information about the Bank, the seriousness of which depends on the reaction of the Bank's main stakeholders.

Risk management governance

BCF's risk management governance and organisation are defined according to the same basic principles for all risks. The main responsibilities for risk management are summarised as follows:

- The Board of Directors (BoD) decides on the basic principles of risk management and the Bank's risk-taking strategy. The BoD adopts the BCF risk policy developed by the Executive Board (DIGE) and ensures that an effective internal control system (ICS) is in place.

- The Audit and Risk Committee (CAuR) is responsible for establishing and operating risk management in accordance with the framework defined by the BoD.

- The Executive Board (DIGE) is responsible for the development, implementation and operation of risk management and the Internal Control System (ICS). It establishes the guidelines and instructions that regulate responsibilities, competencies and risk control measures.

- To this end, the DIGE has set up a Risk Committee. Each month, the Committee analyses the status of the main risks incurred by the Bank and of environmental and social risk factors.

- The Risk Management, headed by the Chief Risk Officer (CRO), coordinates risk management between the various units. It is responsible for developing and improving the Bank's risk control principles and methods. It is also responsible for monitoring the institution's risk profile and insuring risk reporting. It also reviews the suitability and effectiveness of the ICS in coordination with the business and risk managers.

- For any exposure to the Bank's credit risk, the Credit Risk Management is responsible for the portfolio-wide risk analysis and the monitoring of counterparty exposure. Responsibility for designing and monitoring the credit risk assessment models for the positions, particularly when dealing with credit processes, lies with the Bank. It is also responsible for defining and implementing criteria and standards for decision-making and credit monitoring.


sto

Credit risk

Credit risk refers to a potential inability of a party to meet its obligations to the Bank. The non-performance or imperfect performance of a counterparty's commitments may ultimately result in a financial loss for the Bank.

More specifically, credit risk refers to the risk of default by the counterparty, i.e. the risk of losses incurred as a result of the default by a borrower of its contractual obligations. In addition to the financial loss of the total or partial amount of the credit (settlement risk or principal risk), credit risk includes also unrealised gains resulting from the non-payment of the debt (replacement cost risk).

As regards the entire credit risk, the Bank aims to protect itself against three possible types of impact, namely financial risk, regulatory risk and reputational risk.

- Credit activity, general control and monitoring of credit risk

The Bank is exposed primarily to credit risk arising from customer loans. To this end, the Bank proposes a wide range of customary loans, covered or uncovered, conditional commitments as well as irrevocable commitments to both natural persons and legal persons.

The aim of the credit policy, laid down and validated by the Board of Directors, is to define the mandate for the organisation of credit risk, the strategy for taking credit risk, the delegated roles, responsibilities and competencies with regard to organisation and the process of analysing and granting credit as well as the rules and principles governing the control of credit risk. Moreover, the aim of the credit policy is to control exposure and distribution of credit risk by means of limits and thresholds that are applicable and useful to the conduct of credit risk. Its application is designed to achieve expected quality targets across the credit portfolio. Thus, the pursuit of the objective of profitability for the credit business is framed by the risk approach arising from the credit policy and also meets the applicable prudential rules.

Overall, the Bank aims to maintain a portfolio of high quality credit in line with the internal regulatory framework (maximum lending rate, maximum repayment and redemption periods, financial capacity calculation, debt capacity calculation, etc.) and, to limit the risk of concentration diversified in terms of client segments, economic sectors, types of loans and geographical location with respect to both counterparties and real estate collateral in Switzerland.

In particular, the internal rulebook aims to ensure a uniform, credit-risk-appropriate analysis and authorisation practice. As a matter of precision, the internal regulatory framework sets out the rules, standards, principles and guidelines in effect and aims to establish an appropriate working framework and uniform code of conduct for the management and oversight of credit risk on a regular, accurate and comprehensive basis. On this basis, the Bank is in a position to monitor credit risk at both the level of individual transactions and at the level of the credit portfolio.

The organisation and operational delegation of powers with regard to granting loans is determined by the Board of Directors through the loan policy. Both the organisation and the delegation are risk-oriented and are based on multiple dimensions, such as counterparty risk (rating class), counterparty segment, level of overall exposure, type and coverage of collateral received as well as type of financing. The Credit Committee is the highest authority for granting credit within its competence. The Committee is chaired by the CEO, is composed of members of the Executive Board and is managed by the Credit Risk Management organizational unit. At the same time, the granting of credit to the governing bodies (members of the Board of Directors and members of the Executive Board) is the responsibility of the Board of Directors.

All counterparties requiring credit approval are subject to risk assessment. The creditworthiness of the counterparty is an essential component of the credit analysis. As such, any credit commitment requires prior analysis and validation of the counterparty's rating. The rating or risk class reflects the default risk of a counterparty. To measure and manage the risk of counterparty default, the Bank evaluates counterparties using a rating system that classifies debtors into twelve risk classes. At the same time, the Bank relies on segmentation using different risk models depending on the nature of the debtor. Counterparty ratings are determined and managed by means of expert rating systems for the following client segments: private clients, corporate clients (SMEs and big companies) and real estate professionals (natural or legal persons). The expert rating systems for counterparty ratings used by the Bank are provided by RSN Risk Solution Network AG. Counterparties are assessed on the basis of dedicated models and homogeneous criteria for the same population. These systems allow the Bank to adequately determine the requirements and conditions applicable to each financing.

Updating counterparty rating classes allows the Bank to monitor the default risk effectively and regularly throughout the term of the commitments. In addition, all credit commitments are reviewed periodically as part of a dynamic credit management, based on their risk, and then submitted for an extension of jurisdiction.

Generally, the Bank limits credit risk by splitting them and demonstrating a high level of caution about the quality of counterparties and collateral. Accordingly, the Bank will exclusively grant loans to counterparties who have the financial capacity to meet their commitments and ultimately repay them. Counterparties must be both solvent, honourable and trustworthy. Indeed, the integrity of counterparties, knowledge of the subject matter of financing, plausibility and proportionality of credit transactions are key aspects of the analysis and decision from the Bank's perspective.

The Bank conducts credit transactions primarily in the canton of Fribourg and in an area bordering the cantonal borders.

Alternatively and to a limited extent, the Bank exercises credit activity in a geographical area that is extended and limited to Switzerland's borders. Geographical exposure to credit risk is controlled by means of risk tolerance and monitoring indicators.

Loans constituting one or more Exceptions to Policy (EtP) are specifically monitored both at the level of individual loans and at the level of the credit portfolio. EtP are loans secured by pledged real estate with one or more exceptions to the internal rules on lending rates, repayment periods and/or financial capacity calculation, or the SBA guidelines on minimum requirements for mortgage financing.

Throughout the individual credit management cycle, at regular intervals and in the absence of extraordinary events, a risk-based periodic control procedure is applied, depending on the counterparty segment and risk, the type and amount of credit commitments, the nature and coverage of collateral, and the presence or absence of EtP. The main purpose of this procedure is to reassess the creditworthiness of the counterparty (rating), to analyse the stability and development of contingent collateral and to conduct a financial capacity review. In addition, counterparty and collateral-related warnings and special events that have an impact on credit risk are actively monitored. If such signals or events are detected, a review of the credit exposure is carried out.

In addition, with respect to the loan portfolio of the Bank as a whole, additional aggregated risk measures are implemented in the form of both past and advanced indicators, such as the calculation of the migration of counterparty ratings or in the form of stress tests on all or part of the portfolio and according to the course of various stress scenarios. To this end, periodic reports are produced by the Credit Risk Management organisational unit and presented to the Bank's various committees and bodies. These reports also include a monitoring of the credit risk appetite as well as an analysis of the credit portfolio structure covering the allocation of the portfolio using multiple structural characteristics based on counterparty risk and concentration risk.

- Credit collateral evaluation

Collateral pledged and deposited as security for loans is valued in accordance with standard, uniform norms.

Mortgage-backed loans

The market value of the properties is periodically estimated in accordance with established supervision rules and principles and by means of computer-based real estate valuation tools in line with the typology and allocation of the properties. In this regard, macro- and micro-location, construction standards, obsolescence and renovation cycles, as well as the sustainability of actual or projected income and vacancy rates for investment properties are taken into account.

The Bank uses two third-party valuation systems provided by Wüest Partner AG:

- One for the appraisal of owner-occupied residential properties based on a hedonic valuation model which compares actual market real estate transaction data, based on detailed real estate characteristics.

- One for the appraisal of investment properties, including rental, commercial, administrative, industrial or craft real estate, based on a capitalization model. This methodology takes into account the sustainable income from the building as a central parameter for determining the performance value.

Moreover, the evaluation of large-scale construction projects and special or complex buildings due to their typology and/or use generally involves an additional external real estate appraisal commissioned by decision of the Bank.

When granting loans secured by pledged real estate, the Bank uses the lowest value between the internal or external valuation for certain specific cases set out above and the actual transaction price or cost price.

The value of the mortgages will be reviewed and updated as part of the regular credit review or in the event of an increase in credit risk caused by a restatement of the credit position. (e.g. adjustment of credit limit, adjustment of depreciation, etc.) or detected in the context of normal monitoring activity.

Delays in payment of interest and/or principal are monitored and analysed in order to identify mortgage loans with actual risk exposure. On this basis, these claims are subject to detailed scrutiny which may require the implementation of risk reduction measures (e.g. partial redemption requirement, request for additional collateral, etc.) or individual adjustments in the event that there is insufficient collateral after calculating the liquidation value of the collateral.

Securities-backed loans

The liabilities and the value retained to cover loans secured by securities admitted by the Bank are calculated daily and monitored on a regular basis. These credits are provided against the pledge of securities such as book balances, current and liquid market securities, rights arising from insurance policies or any other eligible security under multiple applicable criteria taking into account mainly their transferability, liquidity and marketability.

The Bank calculates and applies discounts on market values in order to hedge against market and monetary risks of marketable and liquid securities as well as to determine the cover value or lending amount. Discounts are also calculated and applied for other types of securities that are not officially listed on a market, depending on the nature of the product or contract and the associated underlying risks.

If the pledged value of the collateral falls below the amount of the credit commitment, the Bank requires either a partial reduction of the debt or additional collateral in order to re-establish credit cover. If the collateral shortfall or extraordinary market conditions persist or increase, the Bank can realize the guarantees in order to unwind the credit commitment.

Unsecured loans
Unsecured loans are generally granted to counterparties in the segments of corporate clients, public-law entities or entities treated as public-law entities. These are commitments in the form of commercial loans and unsecured overdrafts or accounts overdrafts covering all counterparty segments.

The solvency of such counterparties is monitored annually through the provision and analysis of the annual financial statements, and, if necessary, through the provision of interim financial statements or other useful information enabling an appropriate monitoring of the development of the financial condition of the counterparty at periodic intervals. The underlying analysis carried out with this information may lead to the identification of a deterioration in the counterparty risk, respectively credit risk. The risk assessment may therefore lead to restructuring or reorganisation measures being defined, with individual value adjustments being issued at the same time if the credit exposure is considered impaired.

- Determination of the need for individual value adjustments for credit default
  - Identification of credit default risks

Overdue receivables
Overdue receivables are valued and monitored separately. Overdue receivables are receivables with contractually agreed payments of interest (including accrued interest), associated commissions and/or depreciation that are more than 90 days overdue and unpaid.

General monitoring of credit commitments
The general monitoring of credit commitments is organised and performed according to the nature of the counterparty and of the guarantees and other contractual credit clauses, using appropriate instruments and measures at appropriate intervals corresponding to the inherent or actual risks.

Determination of individual value adjustments for credit default risks relating to impaired receivables
Individual value adjustments are made and booked on a quarterly basis to prevent the risk of default on impaired receivables.

Any impaired receivables, that is, those resulting from a situation in which it is unlikely that the counterparty will be able to meet its future obligations, are valued at the liquidation value of the collateral. Any resulting decrease in value is covered by individual value adjustments. This impairment is measured by the difference between the value of the receivable and the amount that is likely to be recoverable, taking into account counterparty risk and the net proceeds from realising contingent collateral. The value of the receivable corresponds either to the credit limit or to the amount of credit used. The likely recoverable amount of the collateral, i.e. the liquidation value, is the alienation value that can potentially be realised after deducting the expected holding and liquidation costs. This approach is applied to the entire credit commitment of an individual counterparty or a group of related counterparties forming an economic group in order to take into account the whole perimeter with credit default risk.

Counterparties at risk, or risk positions, that are known and identified as such, are revalued four times a year. In addition to the review of the appropriate level of individual value adjustments, the strategy and related measures are reviewed. The Credit Risk Management organisational unit evaluates all individual value adjustments on risk positions and submits them to the Credit Committee, the decision-making body, for approval.
The Bank reviews the creditworthiness of the counterparties using risk models and rating models specific to the various client segments in order to determine the probabilities of default. The Bank applies the CreditMaster expert rating system of RSN Risk Solution Network AG. The Bank measures the creditworthiness of counterparties based on a 12-class ratings scale which is structured into three risk sub-categories:

- Actual risk-free counterparty in rating classes 01 to 08: no individual value adjustments are created on the receivables of such counterparties.

- Heavily supervised counterparty in rating class 09: no individual value adjustments are created on the receivables of such counterparties.

- Actual risk counterparty in rating classes 10 to 12 and subject to individual value adjustments. Counterparties in rating class 12 are in fact in actual or selective default and may, as the case may be, not require the booking of individual value adjustments.

Impaired receivables are again classified at their full value on the balance sheet when the principal and interest due and outstanding are paid according to contractual provisions and other credit-worthiness criteria are met.

- Determination of individual value adjustments for inherent risks of default relating to non-impaired loans/receivables

Non-impaired receivables arise from situations where it is likely that the debtor will be able to meet its future commitments.

As a category 3 bank in accordance with Appendix 3 OB, the Bank is obliged under Article 25 para. 1 letter b of the Ordinance on the Swiss Financial Market Supervisory Authority

(FINMA) to make value adjustments for inherent risks of default on non-impaired receivables.

Inherent risks of default result from risks present on the balance sheet date in an apparently healthy loan portfolio, which will only be realized later.

Accordingly, the inherent default risks of non-impaired loans, i.e. loans classified in rating categories 1 to 9, are also subject to value adjustments according to an internal model.

The internal model is based on the following components:
- a value adjustment rate (risk factor) expressed in percent and applied to the volume of each rating class concerned

- annual change in real estate prices expressed in percent according to the transaction price index for condominiums and villas issued by Wüest & Partner SA

- annual variation of the gross domestic product of the canton of Fribourg expressed in percentages according to the data of the statistics service of the Canton of Fribourg (SStat).

All receivables from banks, customers and public sector entities, as well as debt securities held to maturity, are included in the balance sheet or off-balance sheet. The risk factors are valid for the entire current accounting period. They are reviewed annually by the FINA division and adjusted if necessary. Annual changes in the components of the internal model are taken into account in the analysis.

Changes in the risk factors used to determine the value adjustments for inherent default risks are disclosed, where applicable, in these notes to the annual financial statements, respectively in the notes to the half-yearly financial statements.

Since 2015, the adjustment rates applied to each rating class have remained unchanged. The elements taken into account in their annual review have not led to any adjustments.
The use of the value adjustment for inherent risks of default may occur in the event of a sudden and significant loss on an unimpaired position. The amount used must be reconstituted within a maximum of five years, in accordance with article 25 paragraph 7 of the OEPC.

This replenishment period will also apply if the value adjustment for inherent risks is used to create individual value adjustments for impaired loans.

Any shortfall in this respect, i.e. the difference between the amount of the adjustment actually made and the amount calculated according to the internal method, is disclosed in the annual report in accordance with Article 25 para. 8 of the Swiss Federal Law on Insurance.

As of 31 December 2024, the need for value adjustments for inherent risks is fully covered.

Market risks

Market risks represent the potential for losses due to fluctuations in exchange rates, interest rates, securities prices and indices on all positions held by the Bank.

Interest rate risk

Interest rate risk arises from mismatches between the size and terms (rate-setting maturities) of the Bank's asset and liability balance sheet positions. For variable positions (variable-rate mortgages, savings and current accounts), models are used to replicate as closely as possible the pace and magnitude of changes in client rates in response to changes in market rates. Movements in the market yield curve, and the resulting changes in client behaviour, are the source of interest rate risk. These changes directly affect interest income and the present value of the Bank's equity.

Through its "Asset and Liability Management" (ALM) Committee, the Bank monitors various indicators relating to interest rate risk on the balance sheet:

Static indicators. The Bank calculates the duration of equity capital on a monthly basis, as well as the sensitivity of the value of equity capital to an interest rate shock.

Dynamic indicators. The Bank establishes quarterly interest rate and business scenarios combined with a refinancing/hedging strategy.

These dynamic simulations take into account the behavior of clients according to the interest rate scenarios and make it possible to simulate the interest margin, the duration of equity capital and the economic value of equity capital over different periods. In order to measure, assess, limit and manage this risk, a management and monitoring policy has been put in place by the ALM Committee. Risk tolerances are approved annually by the BoD.

The Bank uses derivative financial instruments (IRS) as part of its asset and liability management activities, mainly to manage its exposure to interest rate risk. These transactions are recorded as "Micro Hedges" and thus only their net interest flow impacts the income statement under «Interest and discount income». No ineffectiveness was observed at December 31, 2024.

Operational management of interest rate risk is carried out by the ALMT structural unit.

Other market risks

Other market risks, including foreign exchange risk and security price fluctuation risk, are constantly monitored within the limits set. The majority of the Bank's transactions are customer transactions. In principle, these transactions are carried forward to the market to cover the risk of losses. The residual exchange risk on foreign currency positions is thus limited.

Liquidity risks

Liquidity risk is the risk that the Bank will not have sufficient resources to meet its commitments at all times and on a continuous basis.

The Bank, through its "Asset and Liability Management" (ALM) Committee, monitors its exposure to liquidity risk by producing schedules of outstanding balance sheet items and by calculating balance sheet structure ratios. It also develops stress scenarios and carries out dynamic simulations of the future balance sheet structure. Using leading indicators, the Bank anticipates the occurrence and impact of potential crises and has drawn up a plan of measures for this purpose. These simulations enable the Bank to define its refinancing program on the capital market.

It thus complies with the quantitative and qualitative requirements of FINMA circular 2015/2.

Operational liquidity risk management is carried out by the ALMT structural unit.

Operational risks

Operational risks are defined as risks that the Bank does not actively incur. In doing so, the Bank has defined a method for managing operational risks and dedicated control approaches for certain specific diversities, particularly the key risks managed by Compliance, which are set out below. The overall concept of operational risk management used by the Bank is based on the best practice formulated by the Basel Committee and is in line with FINMA Circular 2023/1 on operational risks and resilience.

Operational risk management aims to control operational risk drivers by identifying areas for improvement and reinforcing operational and managerial control systems. In particular, the Bank aims to reduce its exposure:

- to a breach of the Bank's legal and regulatory requirements, standards or rules, including the possibility of an event of control risk (inadequate design of the control mechanism, implementation of the non-compliant control mechanism or lack of rigour in the application of the control mechanism);

- to inappropriate or malicious behaviour on the part of the actors, i.e. employees, suppliers, bank counterparties, clients or other external actors;

- to inappropriate characteristics of information systems (applications, interfaces and hardware) or other communication systems (telephony, fax, emails and social networks);

- to inadequate infrastructure;

- to an organisation – bringing together the concept (method, process, organisational chart) and the organisational framework (regulations, policies, directives and manuals) – which is inappropriate in relation to the Bank's activities;

- to natural hazards.

Reviews are conducted periodically to identify the main operational risks. They are supplemented by ad-hoc analyses, e.g. if new potential threats emerge, if FINMA requests it or if a significant risk event is detected at another bank. These reviews and analyses are conducted by the Management and professionals and seek to identify possible improvements to the risk management system, particularly operational and managerial controls.

In order to monitor the evolution of the operational risk profile, tolerance is expressed with regard to operational incidents in general and for each operational risk category. In the event of a significant operational risk event, the Bank bases its management of the incident on the application of clearly defined measures.
Operational risks are limited by an adequate organization and by the implementation of an appropriate and efficient internal control system (ICS) that respects the principle of separation of functions.

Risks in the compliance sector

FINMA defines compliance as «abiding by the relevant statutory, regulatory and internal rules and observing generally accepted market standards and codes of conduct». In this context, the Compliance function includes generalists from the global regulatory framework specializing in banking.

Compliance supports the Bank's governing bodies by ensuring compliance with due diligence obligations and standards to combat money laundering and terrorist financing, limiting reputational risks, and participating in meeting deadlines. This is the case in particular for the monitoring of new client relationships and transactions, the reporting of suspicious activity reports, the monitoring of market abuse as well as the implementation of economic sanctions. The Compliance function will thus ensure that the Bank offers assurance of proper business conduct, a sine qua non condition for maintaining the operating licence as a financial intermediary.

It also applies to limiting the occurrence of so-called compliance risks as part of the Risk Management function. These risks can take many forms, but can be broken down into BCF's risk of money laundering and terrorist financing, risk of cross-border activities, and the wider risk of non-compliance with the regulations.

Internal control system

The Bank's Internal Control System (ICS) contains all the control structures and processes ensuring the proper conduct of day-to-day business, adherence to legal, regulatory and internal provisions as well as the completeness and reliability of the reporting.

The framework conditions underpinning the ICS, which ensure its smooth operation, are defined at the level of the control environment, the elements of which include, in particular, internal regulations, independent control bodies, organisational charts and job profiles required. At the level of processes, there is a close intersection between processes, risks and controls. Risks are captured and evaluated for each process. On this basis, key controls are then defined, all of which are documented and recorded in the processes. In addition to key controls, there are numerous other risk mitigation measures.

The Risk Management unit conducts a review of the adequacy and effectiveness of the ICS at least once a year and monitors the implementation of the resulting improvement measures. The reporting relating to the ICS is established quarterly in the context of the Risk Committee.

Business Continuity Management

As part of Business Continuity Management (BCM), the Bank implemented comprehensive measures to maintain its operations even in the event of a failure of critical resources (personnel, IT system, buildings, suppliers). A number of strategic options have been identified for specialised sectors so that they can maintain the functioning of key business processes.

All of the core IT systems were set up and implemented redundantly at several locations. In order to limit the damage as much as possible and to enable an effective and coordinated response by the Management, the Bank has prepared emergency plans. Regular tests and exercises are conducted to verify that the plans and organisation are up-to-date and operational. In order to guarantee their ability to ensure business continuity, the crisis unit and the organisation are regularly trained and tested using several scenarios. This procedure has proven successful in cushioning the impact of the pandemic and confirms the soundness of the BCM.

Data protection

The processing of customer data and the related security are handled in strict compliance with data protection legislation and FINMA circular 2023/1 "Operational risks and resilience – banks". Governance, as well as technical, organisational and infrastructural measures have been put in place to ensure optimal security of client data. These measures are active 24/7. In addition, employees are regularly made aware of the importance of complying with the standards and measures, through awareness campaigns and training, which are also addressed to interested customers. With regard to cybersecurity in particular, the effectiveness of the system is regularly reassessed and its resistance to cyberattacks tested.

In addition, the Bank relies on specialised information sources. In particular, it monitors the following categories of cyberattacks in collaboration with its service providers: malware attacks and phishing, cyber espionage, sophisticated cybercrime, denial of service attacks (DoS or DDoS), social engineering and unauthorised access. For each category of threat, measures have been defined to identify threats specific to the Bank, protect critical assets, and detect and respond to cyberattacks. Crisis governance and related exercises complement the protective measures in place to ensure that the Bank's operations can be reasonably maintained in the event of an attack.

Information relating to the balance sheet

Breakdown of securities financing transactions (assets and liabilities)
(in thousand CHF)

	Reporting year	Previous year
Book value of claims arising from cash collateral pledged in connection with securities borrowing or reverse repurchase agreements*	0	0
Book value of liabilities arising from cash collateral received in connection with securities lending or repurchase agreements*	0	0
Book value of securities held for own account, lent or transferred as collateral in connection with securities borrowing or repurchase agreements		
- Of which those that can be sold or repledged without restriction		
Fair value of securities received as collateral in connection with securities lending and those received in connection with securities borrowing and under reverse repurchase agreements, which can be sold or repledged without restriction	0	0
- Of which securities repledges as collateral	0	0
- Of which sold securities		

* Before netting agreements

Catherine Nieva, Marylaure Baechler and Sophie Bonvin, in charge of the reception concept and the meeting rooms layout

Risk mitigants for loans and off-balance-sheet transactions Impaired loans
(in thousand CHF)

	Type of risk mitigant			
Loans (before impairment charges/reversals)	Mortgage	Others	Unsecured	Total
Amounts due from customers	688,720	747,257	2,342,940	**3,778,917**
Mortgages	19,929,492		10,039	**19,939,531**
- Residential real estate	16,091,480			**16,091,480**
- Office and business premises	1,448,289			**1,448,289**
- Commercial and industrial property	1,099,362			**1,099,362**
- Other	1,290,362			**1,290,362**
Loans (before impairment charges/reversals)				
Reporting year	20,618,212	747,257	2,352,979	**23,718,448**
Previous year	19,793,806	823,812	2,257,617	**22,875,234**
Loans (after impairment charges/reversals)				
Reporting year	20,514,538	642,513	2,352,979	**23,510,029**
Previous year	19,698,047	718,880	2,257,617	**22,674,544**
Off-balance-sheet transactions				
Contingent liabilities	13,830	26,502	173,901	**214,233**
Irrevocable commitments			191,011	**191,011**
Commitments relating to calls on shares and other equity securities			48,552	**48,552**
Confirmed credits				
Off-balance-sheet transactions				
Reporting year	13,830	26,502	413,464	**453,797**
Previous year	14,220	14,267	458,594	**487,081**

Impaired loans
(in thousand CHF)

	Gross receivables	Realization value of risk mitigants*	Net receivables	Individual impairment charge/reversal
Reporting year	433,593	320,117	113,476	**117,998**
Previous year	431,183	323,088	108,095	**112,333**

* Debt/realisation value per client: the lower of the two amounts is taken into account. The BCF determines the individual value adjustments on the basis of the credit limits granted, the total positions of the clients concerned and the impaired interests. The individual value adjustments therefore exceed the net amount of impaired loans.

Trading portfolio assets and liabilities / other financial assets and liabilities at fair value

(in thousand CHF)

	Reporting year	Previous year
Assets		
Trading portfolio assets	**8,915**	**4,478**
Debt securities	755	
- Of which listed on a recognised stock exchange	755	
Equity securities	7,484	3,206
Commodities and precious metals	677	780
Other		492
Total	**8,915**	**4,478**
- Of which determined using a valuation model		
- Of which securities eligible for repurchase agreements in accordance with liquidity regulations		

No passive transactions as of 31 December 2024.

Working session for the work follow-up at BCF headquarters

Derivative financial instruments (assets and liabilities)

(in thousand CHFs)

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Value of underlying asset	Positive replacement value	Negative replacement value	Value of underlying asset
Interest-rate instruments						
- Swaps				17,770	56,409	3,303,620
Foreign currencies and precious metals						
- Forward contracts and swaps	573	479	83,722			
Equity securities / indices						
- Options (exchange traded)						
Total before netting agreements:						
Reporting year	573	479	83,722	17,770	56,409	3,303,620
- Of which determined using a valuation model				17,770	56,409	3,303,620
Previous year	3,029	2,855	157,833	56,331	46,988	3,000,000
- Of which determined using a valuation model				56,331	46,988	3,000,000

Total after netting agreements:	Positive replacement value	Negative replacement value
Reporting year	18,343	56,889
Previous year	59,360	49,842

Breakdown by counterparty:	Central clearing houses	Banks and securities dealers	Other clients
Positive replacement value (after netting agreements)		18,024	318

Financial investments

(in thousand CHF)

	Book value		Fair value	
	Reporting year	Previous year	Reporting year	Previous year
Debt securities	1,185,690	1,207,748	1,182,374	1,166,258
- Of which securities intended to be held until maturity	1,185,690	1,207,748	1,182,374	1,166,258
- Of which securities available for sale				
Equity securities	226,383	228,179	247,501	246,903
- Of which significant participations (minimum of 10% of capital or voting rights)				
Precious metals	780	780	5,952	9,169
Real estate	12,749	24,868	12,749	24,868
Total	**1,425,603**	**1,461,574**	**1,448,576**	**1,447,198**
- Including securities eligible for repurchase agreements in accordance with liquidity regulations	987,702	1,009,203		

Counterparty breakdown

(in thousand CHF)

	Best quality	High quality	Average quality	Speculative	In default	not rated
Debt securities: book value	1,038,136	112,454	29,168	5,933		

Participations

(in thousand CHF)

				Reporting year						
	Cost	Accumulated depreciation and write-offs	Book value at year-end	Change in allocation	Investments	Divestments	Depreciation and write-offs	Value adjustments in case of equity method / reversal of depreciation	Book value at year-end	Market value
Other participations										
- Listed										
- Unlisted	90,473	24,794	65,680		32,560		-18,753		79,487	
Participations total	**90,473**	**24,794**	**65,680**		**32,560**		**-18,753**		**79,487**	

Companies in which the bank has a significant long-term direct or indirect holding
(in thousand CHF)

Company name and headquarters	Main business	Capital (in 1'000)	% of share capital held	% of voting rights held	% of stake held directly	% of stake held indirectly
Investissements Fonciers SA, Lausanne	Fund management	1,000	28,6	28,6	28,6	0
Capital Risque Fribourg SA, Fribourg	Investment company	12,000	31,6	31,6	31,6	0
EdgEvooq Holding SA, Fribourg	Investment company	684	48,7	46,0	48,7	0
BCF SICAV in liquidation, Fribourg	Real estate funds	500	100,0	100,0	100,0	0

BCF does not prepare consolidated financial statements, as the requirements in this respect are not met.
The theoretical value of investments in which the Bank could nevertheless exercise significant influence, according to the equity method, amounts to CHF 67.638 million, compared with CHF 67.061 million at book value. The difference in value of CHF 0.577 million would therefore have a positive impact on the Bank's earnings.
Participations of an economic support or sponsorship nature, irrespective of the percentage held, whose liquidation value is non-material,
are valued at CHF 1 on the balance sheet.

Tangible fixed assets
(in thousand CHF)

				Reporting year					
	Acquisition value	Accumulated depreciation and write-offs	Book value at end of previous year	Changes in allocation	Investments	Divestments	Depreciation and write-offs	Repossessions	Book value at year-end
Bank premises	179,621	-120,520	59,100	672	7,282		-3,062		63,992
Other real estate	16,576	-12,281	4,295	-98	0		-122		4,075
Computer programs separately acquired or internally developed	15,484	-6,457	9,027		6,170		-3,678		11,519
Other tangible fixed assets	6,541	-4,504	2,037	-573	434		-853		1,045
Tangible fixed assets	**218,221**	**-143,762**	**74,459**		**13,886**		**-7,715**		**80,630**

Other assets and liabilities
(in thousand CHF)

	Other assets		Other liabilities	
	Reporting year	Previous year	Reporting year	Previous year
Offset accounts	38,546			9,520
Order accounts	4,738	3,333	7,179	2,567
Balances arising from internal bank business operations	257			
Coupons / coupons and securities due			16	462
Indirect taxes	2,940	2,260	13,188	8,592
Total	**46,481**	**5,593**	**20,383**	**21,140**

Assets pledged or assigned as collateral for own liabilities*

(in thousand CHF)

	Amount or book value of pledge	Real liability
Total assets pledged or assigned		
BNS guarantee account covering irrevocable commitments towards esisuisse	41,738	83,476
Mortgage-backed securities to cover claims pledged to the Pfandbriefzentrale Schweizer Kantonalbanken	4,629,000	6,262,531
Securities deposited as collateral for SNB Lombard loan	58,293	0
Other pledged assets with counterparties for margin calls on derivative financial products	45,185	39,213

* Without securities financing transactions (see separate breakdown of related transactions on page 68).

Commitments relating to own occupation pension funds as well as shares held by own occupational pension funds

(in thousand CHF)

	Reporting year	Previous year
Amounts due in respect of client deposits	23,776	57,461
Cash bonds	1,500	3,000
Total	**25,276**	**60,461**

Economic situation of own occupational pension funds

(in thousand CHF)

Economic benefit/liability and pension expenses	Surplus / deficit at reporting year end	Economic share of the bank / financial group: Reporting year	Economic share of the bank / financial group: Previous year	Change in the economic share compared to the previous year (economic benefit / commitment)	Contributions paid for reporting year	Pension costs in personnel expenses: Reporting year	Pension costs in personnel expenses: Previous year
Pension plans with no surplus or shortfall					9,683	9,683	8,863

The assessment is based on the annual financial statements of the pension fund as at 31/12/2023.
As of 31/12/2023, the coverage ratio of the Pension Fund is over 100%.
Further information is provided on page 57 under "Pension liabilities".

Outstanding bonds
(in thousand CHF)

Year of issue	Rate in %	Reimbursement	Nominal value
2015	0.550	03/02/2025	350,000
2018	0.200	20/02/2026	200,000
2023	1.900	08/09/2026	150,000
2017	0.300	17/02/2027	200,000
2015	0.600	09/04/2027	150,000
2012	1.450	07/06/2027	175,000
2019	0.500	23/02/2028	260,000
2024	0.8125	05/12/2028	150,000
2019	0.250	24/05/2029	200,000
2020	0.000	26/02/2030	200,000
2020	0.140	12/06/2030	165,000
2021	0.000	05/02/2031	240,000
2024	1.100	09/09/2031	100,000
2022	0.3126	02/02/2032	140,000
2019	0.100	01/11/2044	255,000
Total reporting year			**2,935,000**
Total previous year			**2,835,000**

None of the bonds issued by BCF can be called in for redemption before the maturity date.

Bonds and mortgage-backed bonds
(in thousand CHF)

Total reporting year	**4,629,000**
Total previous year	**4,472,000**

Provisions, reserves for general banking risks and variation during reporting year
(in thousand CHF)

	Status at end of previous year	Used as allocated	Changes in scope	Currency translation differences	Recoveries, overdue interest	New provi-sions changed to income statement	Releases credited to income statement	Status at end of reporting year
Provisions for credit risks	9,316	-16	-5,610			1,641		5,332
Provisions for other operating risks	100							100
Other provisions	9,650	-1,220					-2,089	6,341
Total provisions	**19,066**	**-1,235**	**-5,610**			**1,641**	**-2,089**	**11,773**
Reserves for general banking risks	**719,000**					**63,000**		**782,000**
Provisions for credit risk and country risk	**201,574**	**-7,953**	**5,610**			**15,608**		**214,839**
- Of which provisions for impaired loans	112,333	-7,953	5,610			8,008		117,998
- Of which provisions for non-impaired loans	89,241					7,600		96,841

Share capital
(in thousand CHF)

	Reporting year	Previous year
Endowment capital	**70,000**	**70,000**

The endowment capital is made available in its entirety by the Canton of Fribourg, in accordance with the law on the Banque Cantonale de Fribourg.

Receivables and commitments with respect to related parties
(in CHF thousands)

	Receivable		Commitment	
	Reporting year	Previous year	Reporting year	Previous year
Significant shareholder *	149,000	94,500	390,292	540,396
Affiliated companies *	260,043	279,039	92,539	97,619
Governing cases **	26,045	22,180	12,463	10,554
Other related parties *			25,276	60,461

Receivables and commitments with respect to related parties
(in thousand CHF)

	Receivable		Commitment	
	Reporting year	Année précédente	Reporting year	Année précédente
Affiliated companies *			1,503	748
Governing cases **			21	16

* Transactions were granted on the terms for customers.
** Transactions with members of the Board of Directors and with members of the Executive Board were granted on the standard terms for customers, respectively on those on the standard terms for BCF employees.

Maturity structure of financial instruments

(in thousand CHF)

			Maturity					
	Sight	Callable	up to 3 months	3 to 12 months	12 months to 5 years	Over 5 years	Fixed assets	Total
Assets / Financial instruments								
Cash and cash equivalents	3,321,377	41,738						3,363,115
Receivables from banks	79,467		49,683					129,150
Amounts due from securities financing transactions								0
Amounts due from customers	6,533	909,279	664,261	219,676	1,284,163	593,901		3,677,813
Mortgage loans	8,515	3,028,114	1,143,025	1,639,342	9,240,503	4,772,717		19,832,216
Trading portfolio assets	8,915							8,915
Positive replacement value of derivative financial instruments	18,343							18,343
Financial investments	292,837		26,993	171,916	388,560	532,549	12,749	1,425,603
Total Reporting year	**3,735,989**	**3,979,131**	**1,883,962**	**2,030,934**	**10,913,225**	**5,899,166**	**12,749**	**28,455,156**
Total Previous year	**3,780,485**	**3,733,416**	**1,474,463**	**2,069,064**	**10,376,509**	**6,312,249**	**24,868**	**27,771,054**
Foreign funds / Financial instruments								
Due to banks	24,199			55,000	707,000	455,000		1,241,199
Repurchase agreements								
Amounts due in respect of client deposits	3,606,514	8,060,500	1,576,294	1,452,519	1,350,000	509,000		16,554,827
Negative replacement value of derivative financial instruments	56,889							56,889
Cash bonds			13,896	96,687	266,016	51,910		428,509
Bonds and mortgage-backed bonds			353,000	200,000	3,793,000	3,218,000		7,564,000
Total Reporting year	**3,687,601**	**8,060,500**	**1,943,190**	**1,804,206**	**6,116,016**	**4,233,910**		**25,845,424**
Total Previous year	**3,589,642**	**7,993,052**	**1,402,594**	**1,547,102**	**6,054,065**	**4,665,639**		**25,252,095**

Notes to off-balance-sheet transactions and to income statement

Contingent liabilities
(in thousand CHF)

	Reporting year	Previous year
Credit hedging commitments	78,525	779
Performance guarantees and similar	104,379	212,535
Other contingent liabilities	31,329	
Total contingent liabilities	**214,233**	**213,315**

Fiduciary transactions
(in thousand CHF)

	Reporting year	Previous year
Fiduciary investments with third parties	**0**	**0**

Net trading income
(in thousand CHF)

	Reporting year	Previous year
Securities transactions / realised and unrealised income	308	-8
Currencies	11,098	10,731
Precious metals	343	175
Net trading income	**11,748**	**10,898**

Disclosure of significant refinancing income under interest and discount income and significant negative interest
(in thousand CHF)

Negative interest	Reporting year	Previous year
Negative interest on active operations (reduction of interest income)	0	-2
Negative interest on passive operations (reduction of interest expenses)	0	0

Personnel costs
(in thousand CHF)

	Reporting year	Previous year
Fixed and variable compensation	59,631	54,738
Employee benefits / Contribution to staff pension funds	20,350	24,078
Other personnel expenses	2,887	2,571
Total personnel costs	**82,869**	**81,388**

Other operating expenses

(in thousand CHF)

	Reporting year	Previous year
Premises	5,157	5,384
IT and communication costs	24,403	21,836
Machinery, furniture and vehicles costs	183	323
Auditor fees	399	372
- Of which for financial and prudential audits	370	368
- Of which for other services	29	4
Other operating expenses	18,571	17,358
Total other operating expenses	**48,713**	**45,272**

Comments on significant losses and extraordinary income

(in thousand CHF)

	Reporting year	Previous year
Extraordinary income	**0**	**0**
Extraordinary expenses	**0**	**0**

Taxes and payments to Fribourg communities

(in thousand CHF)

Payments to Fribourg communities	Reporting year	Previous year
Cantonal, municipal and parish taxes	9,867	10,762
Compensation for cantonal guarantee	30,000	44,500
Remuneration of the endowment capital	48,000	11,000
Extraordinary payment to the State	20,000	19,500
Total	**107,867**	**85,762**
Weighted average tax rate *	**45.60%**	**38.24%**
Tax payment details		
Cantonal taxes	5,278	5,764
Municipal taxes	4,057	4,508
Parish taxes	532	490
Total paid taxes	**9,867**	**10,762**
Weighted average tax rate *	**4.17%**	**4.80%**

* Based on operating profit

Ernst & Young Ltd
Place de Pont-Rouge 1
P.O. Box 1575
CH-1211 Geneva 26

Phone: +41 58 286 56 56
www.ey.com/en_ch

To the Grand Council of the Canton of Fribourg
of Banque Cantonale de Fribourg, Fribourg

Geneva, 21 March 2025
except as to income statement, as to which the date is 16 June 2025

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Banque Cantonale de Fribourg (the Company), which comprise the statement of financial position as at 31 December 2024, the statement of income, and the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework for banks and comply with the Swiss law and law on Banque Cantonale de Fribourg.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of loans and advances to customers and mortgages

Risk

Lending operations constitute the Bank's main activity. Their assessment is based on an internal control system set up by the Bank to limit and manage credit risks. All credit commitments require prior analysis and definition of a counterparty rating, which allows for an assessment of the credit risk on a scale of 1 to 12 (1 being the best credit rating and 12 the worst).

Subsequently, each receivable is subject to a periodic internal review at a frequency defined in the credit manual. Based on these ratings, overdue and non-performing loans are identified and are subject to a specific procedure.

The identification of risks and the evaluation of the corresponding value adjustments are thus based on ratings and analyses that involve a significant degree of judgment on the part of the Executive Board. Given the volume of loans granted, the assessment of customer loans and mortgages is considered a key element of the audit.

The procedures for monitoring and handling overdue and non-performing loans are set out on page 60and following, as well as page 69 of the notes to the financial statements.

The amounts of value adjustments are shown on page 75 of the notes to the financial statements.

Our audit response

Our work consisted in assessing and testing the key controls relating to the granting (compliance with internal directives and validation competencies), recording, release and monitoring of loans, as well as the methodology for identifying default risk and assessing value adjustments.

In addition, we have performed detailed procedures which consisted in particular in:

- verifying, on the basis of a sample of overdue receivables, their correct treatment and recording in the accounts, as well as their validation by the competent authorities;
- verifying the correct treatment and accounting of interest on impaired receivables;
- verifying, based on a sample of impaired receivables, their correct treatment and accounting in the accounts, as well as their validation by the competent authorities;
- verifying the general IT controls relating, in particular, to the Finnova and CreditMaster IT systems;
- verifying, based on a sample of "non-impaired" loans, that there are no indications that the evaluation of the credits was not appropriate, and that the classification of the latter was erroneous.

Finally, we have audited the compliance with the accounting standards applicable to banks with regard to the valuation and presentation of advances to customers and mortgages in the financial statements.

Our audit procedures did not give rise to any reservations regarding the valuation of loans and advances to customers and mortgages.

Assessment of the latent risk of default

Risk

The assessment of the latent risk of default on the non-impaired loan portfolio, respectively on receivables not covered by individual value adjustments, is also considered a key element of the financial audit because of the potential impact on the result and the margin of appreciation in defining the method to be applied.

The calculation corresponds to the provisioning based on an individual loss rate fixed for each of the first nine rating classes. The current rates are justified by the Bank by considering the evolution of its loan portfolio, the volume of new loans granted, the evolution of the real estate market and its risk analysis.

EY
Shape the future with confidence

	The amounts of these value adjustments are the subject of an internal procedure presented on page 60 and the amounts are presented on page 75 of the notes to the annual accounts.
Our audit response	We have performed the following procedures: ► verification of the determination of the amount of the value adjustments for latent risk; ► review of the loss rates applied to the rating classes and the underlying assumptions. Our audit procedures did not give rise to any reservations regarding the assessment of the latent risk of default

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements, which give a true and fair view in accordance with the applicable financial reporting framework for banks, with the Law on the Cantonal Bank of Fribourg, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Law on Banque Cantonale de Fribourg. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Equity and liquidity as of 31 December 2024

Key regulatory figures

(in thousand CHF)

	31/12/2024	30/06/2024	31/12/2023
Equity taken into account (CHF)			
1 Common equity tier 1 (CET1)	2,627,821	2,499,146	2,499,146
2 Tier 1 Capital (T1)	2,627,821	2,499,146	2,499,146
3 Total equity	2,633,153	2,510,091	2,508,462
Risk-weighted assets (RWA) (CHF)			
4 RWA	13,878,975	13,700,366	13,309,961
4a Tier 1 Capital (T1)	1,110,318	1,096,029	1,064,797
Risk-based capital ratios (as % of RWA)			
5 CET1 Ratio (%)	18.93%	18.24%	18.78%
6 Core capital ratio (%)	18.93%	18.24%	18.78%
7 Total capital ratio (%)	18.97%	18.32%	18.85%
CET1 requirements (as a % of RWA)			
8 Capital adequacy ratio according to the Basel minimum standard	2.50%	2.50%	2.50%
9 Countercyclical capital buffer (Art. 44a OFR) according to the Basel minimum standard	0.00%	0.00%	0.00%
10 Additional capital buffer under international or national systemic risk (%)	0.00%	0.00%	0.00%
11 Total requirements of the Basel minimum standard, in CET1 quality (%)	2.50%	2.50%	2.50%
12 CET1 available to cover buffer requirements according to the Basel minimum standard (after deducting CET1 allocated to cover minimum requirements and, if applicable, to cover TLAC requirements) (%)	10.97%	10.32%	10.85%
Target capital ratios according to Appendix 8 of the OFR (in % of RWA)			
12a Equity ratio according to Appendix 8 OFR (%)	4.00%	4.00%	4.00%
12b Countercyclical capital buffer (Art. 44 and 44a OFR) (%)	1.13%	1.12%	1.14%
12c CET1 target ratio (in %) according to Appendix 8 of the OFR increased by the countercyclical buffers according to Articles 44 and 44a OFR	8.93%	8.92%	8.94%
12d T1 target ratio (in %) according to Appendix 8 of the OFR increased by the countercyclical buffers according to Articles 44 and 44a OFR	10.73%	10.72%	10.74%
12e Overall equity ratio target (in %) according to Appendix 8 of the OFR increased by the countercyclical buffers according to Articles 44 and 44a OFR	13.13%	13.12%	13.14%
Basel III leverage ratio			
13 Global commitment (CHF)	29,173,698	29,114,287	28,379,130
14 Basel III leverage ratio (core capital as % of total commitment)	9.01%	8.58%	8.81%
Liquidity ratio (LCR)			
15 LCR numerator: sum of high quality liquid assets (CHF)	3,883,684	4,534,538	4,129,627
16 LCR denominator: net cash outflow (CHF)	1,959,892	1,909,801	1,822,713
17 Liquidity ratio, LCR (in %)	198%	237%	227%
Funding ratio (NSFR)			
18 Stable available refinancing (in CHF)	24,749,338	24,625,857	24,434,356
19 Stable refinancing required (in CHF)	18,873,448	18,726,080	18,449,554
20 Funding ratio, NFSR (in %)	131%	132%	132%

Overview of risk-weighted assets (RWA)

(in thousand CHF)

		RWA 31/12/2024	RWA 30/06/2024	Minimum equity 31/12/2024
1	**Credit risk (without CCR - counterparty credit risk)**	**12,879,354**	**12,732,518**	**1,030,348**
2	Of which determined by the standard approach (SA)	12,879,354	12,732,518	1,030,348
6	**Counterparty credit risk CCR**	**4,698**	**4,502**	**376**
7b	Of which determined by the market value method	4,698	4,502	376
10	**Risk of change in value of derivatives (CVA)**	**5,649**	**5,552**	**452**
13	**Investments in collectively managed investments - mandate-based approach**	**187,553**	**191,162**	**15,004**
14	**Investments in pooled investments - fallback approach**	**91,262**	**90,843**	**7,301**
20	**Market risk**	**6,574**	**7,336**	**526**
21	Of which determined according to the standard approach	6,574	7,336	526
24	**Operational risk**	**703,886**	**668,453**	**56,311**
27	**Total**	**13,878,975**	**13,700,366**	**1,110,318**

Table - statistics
Overview of some balance sheet items and annual results from 2014 to 2024

(in thousand CHF)

	Commitments to customers in the form of savings and investments	Other commitments to customers	Cash bonds	Amounts due from customers	Mortgage loans	Profit for the year	General legal reserve	Payment to the State of Fribourg	Payment to municipalities and parishes	Balance Sheet sum
2014	6,017,496	5,584,111	230,746	3,153,753	12,801,440	120,172	911,000	53,000	8,800	18,790,108
2015	6,048,407	6,165,552	248,410	3,068,517	13,433,871	122,690	988,000	55,000	9,000	20,623,237
2016	6,193,006	6,203,723	231,070	3,000,335	14,123,667	123,687	1,066,000	55,800	9,250	21,560,833
2017	6,487,431	6,489,395	213,147	2,912,767	14,666,367	126,365	1,144,000	57,224	9,533	21,996,450
2018	6,868,944	6,944,332	224,576	3,081,746	15,427,864	128,765	1,224,000	58,990	9,964	22,926,714
2019	7,313,619	6,866,847	264,550	3,121,864	16,242,304	131,611	1,305,000	60,033	10,034	24,639,422
2020	8,074,448	7,576,730	295,970	3,187,449	17,045,531	133,344	1,388,000	66,353	3,590	26,714,326
2021	8,367,783	8,161,689	299,226	3,046,747	17,704,392	135,089	1,459,000	59,134	3,129	28,034,820
2022	8,582,650	7,210,705	293,563	3,248,436	18,321,239	141,146	1,539,000	61,238	3,366	27,324,676
2023	8,081,104	8,067,670	358,314	3,675,499	18,999,045	161,496	1,623,000	80,764	4,998	27,960,449
2024	**8,199,943**	**8,354,884**	**428,509**	**3,677,813**	**19,832,216**	**163,675**	**1,710,000**	**103,278**	**4,589**	**28,700,190**

Board of Directors Appendix

	Professional career	Other activities
	**Alex Geissbühler** is a qualified lawyer. After working in the Legal and Compliance department of the Cantonal Bank of Berne, he handled various responsibilities as a senior partner at KPMG AG and Capco. He is a founding member and partner of Geissbühler Weber & Partner AG. Alex Geissbühler is Chairman of the Foundation Board of the Banque Cantonale de Fribourg Foundation and Chairman of the BCF Compensation and Nomination Committee.	Vice-Chairman of the Board of Directors of the Chamber of Commerce and Industry of the Canton of Fribourg; Director of the DAS Compliance Management course at the University of Lucerne; member of the Board of the Foundation of the University of Fribourg; member of the Board of the Football is more foundation.
	**Urs Peter Gauch** has a degree in economics and has completed courses at the Swiss Banking School. He also completed the Advanced Management Program (AMP) at Harvard Business School in Boston and a Breakthrough Program for Senior Executives at IMD Business School in Lausanne. After starting his career at Banque Populaire Suisse in New York, he led various departments at Credit Suisse beginning in 1995 and was a member of the Executive Board of the Raiffeisen Group, responsible for commercial clients and branches, thereby acquiring key competencies in the banking sector. Urs Peter Gauch is a member of the Audit and Risk Commitee and of the Pension Fund commitee of the Banque Cantonale de Fribourg, and member of the Foundation Board of the Banque Cantonale de Fribourg Foundation.	Chairman of the Board of Directors of Metalcolor AG. Member of the Board of Directors of HRS AG, Catisa SA as well as various other mandates.
	**Dominique Jordan Perrin** is an economist and holds a PhD in political economics from the University of Fribourg. Between 1999 and 2008, she held various positions at the Swiss Confederation, in the DEFR, and in the FDFA, including a post as Embassy Counselor in Hanoi, Vietnam. Currently head of the OECD & G20 sector at the SECO, she has recognised expertise in international economics. Dominique Jordan Perrin is a member of the Foundation Board and Chairwoman of the Executive Committee of the Banque Cantonale de Fribourg Foundation, a member of the Pension Fund Committee of the Banque Cantonale de Fribourg and of the Compensation and Nomination Committee.	Member of the Board of the Intercantonal Service intercantonal d'entretien du réseau routier Genève/Vaud/Fribourg (SIERA); Chairwoman of the SIERA Audit and Risk Committee.
	**Thomas Bachmann** is a lawyer and holds an MAS in Taxation/LL.M. from the Kalaidos Fachhochschule Schweiz. He has held the position of chief clerk in the Seebezirk. In 1999, he joined the fiduciary company Fiduconsult as a lawyer, where he was director and head of the legal and tax department from 2014. Since October 2022, he has been Head of Tax & Legal at the fiduciary company CORE Partner AG. Since January 2023, he has been a partner at CORE Partner AG. Thomas Bachmann is Vice-Chairman of the Foundation Board of the Banque Cantonale de Fribourg Foundation and member of the Audit and Risk Committee of the Banque Cantonale de Fribourg.	Chairman of the Board of Directors of EdgEvooq Holding SA and Evooq SA in Fribourg; member of the Board of the BAY Foundation.

	Professional career	Other activities
	**Yves Riedo** is a certified public accountant. He held various positions in fiduciary companies before founding axalta Fiduciaire SA and its affiliated companies. Yves Riedo is Chairman of the Audit and Risk Committee of the Banque Cantonale de Fribourg and member of the Foundation Board of the Banque Cantonale de Fribourg Foundation.	Chairman of the Boards of Directors of axalta Fiduciaire SA and its group companies, as well as of various SMEs.
	**Paul Such** is a systems and network security engineer. After working as a security engineer in various service companies between 1999 and 2002, he founded the company SCRT SA, which he managed until 2017. He then created Hacknowledge SA in 2016, a company he has been managing since then. He is also involved in several cybersecurity training courses at the HEIG-VD (Yverdon), the HES-SO Valais-Wallis, the Swiss Federal Institute of Technology in Lausanne (EPFL) and the University of Geneva. Paul Such is a member of the Foundation Board of the Banque Cantonale de Fribourg Foundation, of the Pension Fund Committee of the Banque Cantonale de Fribourg and of the Compensation and Nomination Committee.	Member of the organising committee of several cybersecurity conferences, including Blackalps in Yverdon and Global Security Days in Paris. Founder of Insomnihack. ISO 27001 Lead Auditor and project management professional since 2011. Member of the Board of Directors of EdgEvooq Holding SA and Evooq SA in Fribourg.
	**Jean-Pierre Siggen** holds a law degree and a degree in political economics from the University of Lausanne. Former vice-director of the Swiss Union of Arts and Trades (USAM), then advisor for economic and social issues to Federal Councillor Flavio Cotti and for Federal Council affairs to Federal Councillor Joseph Deiss, he headed the Employers' Union of the Canton of Fribourg and was deputy secretary general of the Federation of French-Speaking Companies. A member of the Cantonal Parliament of the Canton of Fribourg, he was elected to the Cantonal Council in 2013 and currently heads the Finance Department. He represents the Canton of Fribourg on the Board of Directors. Jean-Pierre Siggen is a member of the Foundation Board of the Banque Cantonale de Fribourg Foundation.	As a Cantonal Councillor, he is Chairman of the Committee of the State Personnel Pension Fund and a member of the Confederation of Cantonal Finance Directors, the Latin Conference of Finance Directors and vice-president of the Latin Conference of Digital Directors.

Executive Management Appendix

	Professional career	Other activities
	**Daniel Wenger** is a business economist (ESCEA). He has been Chairman of the Executive Board of the Banque Cantonale de Fribourg since January 2021, and previously held several management positions at Credit Suisse, particularly in the management of subsidiaries in Europe. From Zurich to New York, via Luxembourg, Gibraltar and London, he has gained extensive experience in the financial services sector. Daniel Wenger is also Chairman of the committee of the staff pension fund of the Banque Cantonale de Fribourg, and a member of the Executive Committee of the BCF Foundation.	Member of the Board of Directors of the Union of Swiss Cantonal Banks. Vice-chairman of the Board of Directors of Investissements Fonciers SA. Member of the Board of Capital Risque Fribourg SA
	A lawyer by training, **Christophe Mettler** was legal counsel at UBS SA in Geneva and Zurich from 1999 to 2005. He was head of legal, risk and compliance at Crédit Agricole Financement (Suisse) SA from 2006 to 2014, and served as deputy managing director until 2015. An associate lawyer in a law firm in Lausanne specialized in banking, real estate and economic crime between 2015 and 2017, he joined BCF in 2016 as Head of Compliance and Legal. A member of the Executive Board since 1 April 2021, Christophe Mettler is responsible for the Legal, Risk and Compliance division.	Member of the Board of Directors of BCF SICAV since 2020 and Chairman of the Board of Directors since 2023.
	**Anne Maillard** holds a degree in economics from the University of St. Gallen and has also completed a leadership training course at Stanford University. After holding various positions at the Swiss Bank Corporation and the Chamber of Commerce and Industry of the Canton of Fribourg, she joined the Banque Cantonale de Fribourg in 1998. A member of the Executive Board since 1 January 2017, Anne Maillard heads the Products and Services division. Ms Maillard decided to leave the Bank in December 2024.	She is a member of the Foundation Board of the Espace Jean Tinguely - Niki de Saint Phalle, a member of the Foundation Board for the renovation and conservation of the Couvent des Cordeliers, and a member of the Management Commission of the Cantonal Cultural Fund. Chairwoman of the Advisory Committee of the Museum of Art and History of Fribourg.
	**Luc Jacquat** has a federal diploma in banking economics and has held various positions at BCF since 1982. He has been responsible for risk management, ALM management, financial planning and management. As CFO and member of the Executive Board since 1 January 2023, Luc Jacquat is in charge of the Finance Division.	He is a member of the Board of the BCF Vested Benefits Foundation, a member of the Board of the BCF Savings 3 Pension Fund, a member of the committee of the Federation of Family Allowances Offices of Fribourg, a member of the committee of the Family Allowance Office (CAFAB), a member of the Swiss Association of Foreign Exchange Dealers (ACI Suisse), and the auditor of the Fribourg Chamber of Real Estate (CFI).

	Professional career	Other activities
	**Cédric Yerly** is an HES business economist. He held various positions at Credit Suisse from 1996 to 2000. He joined BCF in 2000 as a credit advisor. He has been a member of the Executive Board since 1 January 2017 and heads the Private Clients division. Cédric Yerly is a member of the Board of Directors of BCF SICAV.	He is a member of the Société Coopérative du Comptoir Gruérien. He is also a member of the Committee of the Fribourg Tourism Union (UFT) and Chairman of its financial committee. Member of the Foundation Board of the Château de Gruyères and Chairman of its financial committee.
	**Laurent Wicky** has a federal diploma in banking economics and began his career in 1986 at the Banque Populaire Suisse. He joined BCF in 1990 and, after a short time in various branches, began his career in the credit business in 1993. After rising through the ranks, he joined the Executive Board on 1 March 2023 and heads the Corporate Clients division.	Member of the Fribourg Tourism Committee; member of the Committee of the Fribourg Chamber of Real Estate.

Impressum

Concept and realisation
RMG Design, Fribourg

Photos
Keren Bisaz, Mirages Photography, Fribourg

Note: This document is translated from its original and official French version.

Banque Cantonale
de Fribourg

Bd de Pérolles 1
Post Office Box
1701 Fribourg
Switzerland

+41 (0)848 223 223
www.bcf.ch