

# 2023 Annual Report



**Banque Cantonale  
de Fribourg**

## 2023 Annual Report

### 131<sup>st</sup> Report of the Board of Directors to the Cantonal Parliament



Year founded

**1892**

Shareholders' equity

**2.5**

billion Swiss francs

Headcount

**443**

full-time positions as of  
31/12/2023 (according to the  
directive of the Swiss Financial  
Market Supervisory Authority -  
FINMA).

Network

**27**

BCF, headquartered in Fribourg,  
has 27 branches including one  
online.

# Banque Cantonale de Fribourg (BCF) at a glance

## State Guarantee

All financial commitments are guaranteed by the Canton of Fribourg.

## Collaboration

- Swiss Bankers Association (SBA)
- Association of Swiss Cantonal Banks (ASBC)
- Central Mortgage-Bond Institution of Swiss Cantonal Banks
- SIX Group AG
- BCF Third Pillar - Savings 3 Foundation
- BCF Vested Benefits Foundation
- Capital Risque Fribourg SA
- Viseca Payment Services AG

## Legal Status

Non-governmental legal entity under public law

## Objectives

- Contribute to the economic development of the Canton
- Provide for the financial needs of the people of Fribourg and offer secure investment opportunities for their savings and capital
- Furnish financial resources to the Canton

## Address

BCF, Bd de Pérolles 1, Post Office Box, 1701 Fribourg  
Phone: 0848 223 223  
www.bcf.ch

## 2023–2013 Balance Sheet

(in CHF thousands)

	2023 (ARB)	2013 (FRG)
Total assets	27,960,449	17,664,901
Loans to customers	22,674,544	15,306,728
Customer deposits	16,507,088	11,639,867
Shareholders' equity (after appropriation)	2,499,146	1,485,531

## 2023–2013 Income Statement

(in CHF thousands)

	2023 (ARB)	2013 (FRG)
Total income	370,568	268,156
Total expenses	126,660	86,242
Operating profit	224,258	154,710
Net profit for the year	161,496	118,884
Payments to the Canton, municipalities and parishes	85,762	57,505

Note:

ARB = Accounting Requirements for Banks

FRG = Financial Reporting Guidelines





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Banque Cantonale

Banque Cantonale

SAFE GA



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Daniel Wenger, Chairman of the Executive Board, and Alex Geissbühler, Chairman of the Board of Directors

# Our new organization sustained excellent results

In 2023, we strengthened our Bank's market position with respect to both businesses and individual clients. By boosting our business volume while keeping costs under control, we further improved our earning power. BCF delivered remarkable results, with net profit totalling CHF 161.5 million, an increase of 14.4% on the previous year.

We can be proud that our Bank achieved such excellent results, even while in recent months we put in place a new organization. Our aim is to continuously improve our business models so that we further optimize our performance.

To this end, we have fortified our teams. From the front office to risk management, our newly hired employees are committed to stepping in to help enhance the quality of BCF's services. The same is true of our wealth management unit, which has grown significantly in recent months. Its objective: to offer our clients excellent, comprehensive advice. Our brand is our local focus, quality service and warm welcome.

## ESG at the heart of our business

In keeping with our Sustainability Charter, our actions also contribute to the Goals of the United Nations 2030 Agenda for Sustainable Development and the strategy of the Federal Council. With this in mind, BCF has gone beyond its mission to contribute to the development of the region and provide for the financial needs of individuals, businesses and the Canton of Fribourg. At the same time, we have also created a new investment and credit policy to promote more equitable business practices.

In 2023, BCF undertook to implement two new guidelines issued by the Swiss Bankers Association on investments and renovation loans. We provided training to our employees to ensure that we could implement these guidelines as early as 2024. This deliberate game plan was an important step in our effort to awareness of the importance of ESG challenges.

## We at BCF are constantly evolving

With solid roots in our region, we have built BCF on strong values to support our clients and the people of Fribourg. And we will devote all our energies to continue in this way to adapt to new realities and support the local economy in a responsible, sustainable manner. The renovation of our branches – which we began in 2020 – and of our headquarters building reflect our commitment to maintain close ties and to provide better and better service to our clients.

The photographs selected to illustrate this report highlight our headquarters building, designed by Mario Batta and inaugurated in 1982. Now after 40 years, our headquarters prominently positioned at Boulevard de Pérolles 1 is undergoing rejuvenation. This renovation project, led by the Ticino-based architect himself along with his three sons, will feature a new main entrance as well as a fresh, innovative interior. So, the images you see throughout this report have already taken on a measure of historic value.

On behalf of the Board of Directors and the Executive Board, we would like to thank all our clients for their loyalty and trust. We also extend our sincere thanks to all our employees for their tireless commitment and considerable contribution to our success in 2023.



**Alex Geissbühler**  
Chairman of the  
Board of Directors



**Daniel Wenger**  
Chairman of the  
Executive Board







# Our successes at BCF



bcf.ch  
**2.0** million  
 of visits from  
 Switzerland  
**3.2** million  
 of seen pages  
**6,000**  
 online orders



More than  
**13,000**  
 new customers



**532**  
 employees  
**34** higher education  
 courses including  
**15** certifications



**85.8** million  
 payments  
 to the Canton,  
 municipalities  
 and parishes



**4.4** million  
 e-banking accesses  
**9.9** mios  
 mobile banking  
 accesses



**15.2** million  
 of work and  
 orders to SMEs



**34.2%** CIR  
 Cost Income Ratio\*  
 «The most efficient  
 bank in Switzerland»  
 \*Cost/revenue ratio  
 before depreciation  
 and amortization



**Obtention**  
 Fribourg certificate  
 Carbon Fri



**50,500**  
 users  
**5.6** million  
 transactions  
**260** millions CHF  
 transactions



**Free**  
 basic services



**maBCF**  
**Le Club**  
**185**  
 contests organised  
**700**  
 prizes won  
**58,000**  
 competition participants  
 Le Club

# Corporate Governance

For BCF, good corporate governance means clearly defined powers and responsibilities, transparent interaction among the Management team, and control at all levels of the Bank.

The Swiss Code of Best Practice for Corporate Governance is aimed at Swiss public companies. It contains rules of conduct and recommendations. Each company retains the right to develop its own organizational principles. Since the Canton of Fribourg is the Bank's sole owner, the Swiss Code of Best Practice for Corporate Governance is not strictly applicable to BCF. However, as a bond-issuing company and as a responsible and transparent institution, BCF has chosen to adopt certain of its recommendations.

## Structure

Banque Cantonale de Fribourg is a legal entity under public law, separate from the government, and does not constitute a group within the meaning of the accounting standards applicable to the Bank. The Bank's structure and organization are presented in the organizational chart on pages 24-25. BCF has no controlling interests, and is therefore not required to prepare consolidated financial statements. The participations are listed in the notes to the annual financial statements on page 58 of this Annual Report.

## Owner

The Canton of Fribourg owns 100% of BCF.

## Cross-shareholdings

BCF does not have any cross-shareholdings.

## Capital structure

The endowment capital of Banque Cantonale de Fribourg amounted to CHF 70 million as of 31 December 2023.

Over the past few years, equity (before profit distribution) has developed as follows, based on the accounting rules in force:

Values in CHF millions after appropriation of profit	2023	2022	2021	2020
Endowment capital	70	70	70	70
Reserve funds	2,429	2,290	2,181	2,080
<b>Total shareholders' equity</b>	<b>2,499</b>	<b>2,360</b>	<b>2,251</b>	<b>2,150</b>



## Governance Bodies

### Board of Directors

#### Election and term of office

Under Article 20, paragraphs 1, 4 and 5 of the Law establishing the Banque Cantonale de Fribourg (BCF Law), the Board of Directors (BoD) is composed of seven members. Three members are appointed by the Cantonal Parliament, three by the Cantonal Council and one by the BoD itself. The members appointed by the Cantonal Council and the Cantonal Parliament are chosen on the proposal of a selection committee governed by Articles 27 and 28 of the BCF Law.

This committee, responsible for proposing candidates for the position of member of the BoD to the Cantonal Parliament and the Cantonal Council, is composed of seven members: four from the Cantonal Parliament, two from the BoD, including the Chairman of the Board of Directors, and one member from the Cantonal Council. The Chairman of our BoD chairs the selection committee.

Members of the BoD are appointed for a period not exceeding four years. They may be re-appointed, but their term of office may not exceed twelve years. The term of office of the Chairman is limited to total of sixteen years if he or she has served as a Board member for at least the first four years of his or her term.

#### Duties and powers

The powers of the BoD are set out in Article 25 of the BCF Law. The BoD is responsible for the overall management and supervision of the Bank. It decides on the general principles of policy.

##### In particular, the BoD has the following powers:

- exercises overall supervision over the persons entrusted with managing the Bank, in particular with respect to compliance with the law, regulatory provisions, the articles of association and regulations;
- adopts general regulations and determines internal regulations;
- appoints the Chairman of the Executive Board, the employees at all levels requiring registration in the Commercial Register, the Head of Internal Audit and the auditors; determines their initial salary and may dismiss them. It also appoints the members of the Executive Board;

- approves the general organization of the Bank, drawn up by the Executive Board;
- decides on the opening or closing of branches;
- determines the salary policy and compensation of the Bank's governing bodies;
- grants powers of attorney to plead matters within its competence and confers powers to deal with specific matters;
- appoints the persons whose signatures may commit the Bank with respect to third parties;
- decides on the purchase and sale of real estate for the Bank's use, as well as the maintenance and renovation of real estate exceeding the amount fixed by the General Regulations;
- authorizes the Bank to become a member of associations of the banking sector or join Swiss or foreign companies or banks created within the framework of the cantonal banks or similar organizations;
- decides on the acquisition of holdings in public or private companies;
- adopts the general budget and approves the annual financial statements and the Annual Report;
- regularly reviews any loans granted by the Executive Board, the reports of the external auditors and internal audit, and the quarterly financial statements presented by the Chairman of the Executive Board;
- appoints the external auditors within the meaning of the Federal Law on Banks and Savings Banks (Banking Law);
- determines authority levels with respect to credit;
- determines the salaries of the Chairman and members of the Executive Board and the Head of Internal Audit within the guidelines of the salary policy. The Board may delegate this task to a committee in accordance with Article 26, paragraph 2.

#### Internal organization

The Board of Directors is convened by the Chairman when circumstances so require, normally once a month, but at least eight times a year. It can make decisions if at least four members are present at the meeting.

## Committees of the Board of Directors

The Board of Directors meets both in plenary sessions and in special committees organized in accordance with Article 26, paragraph 2, of the BCF Law.

### Audit and Risk Committee

#### Composition and term of office

This committee is composed of at least three members, in accordance with Article 3.8.2 of the BCF General Regulations. They are elected for a term of four years. The members of the committee may be re-elected, but their maximum term of office may not exceed twelve years. The committee is composed of Yves Riedo (chairman), Urs Gauch (vice-chairman), Thomas Bachmann (member) and Paul Such (member).

#### Activities

The committee's activities are governed by FINMA circulars and are defined in the regulations of the Audit and Risk Committee.

### Compensation Committee

#### Composition and term of office

This committee consists of three members and one deputy member. They are elected for a term of four years. The members of the committee may be re-elected, but their maximum term of office may not exceed twelve years. The committee consists of Alex Geissbühler (chairman), Dominique Jordan Perrin (member), Paul Such (member) and Yves Riedo (deputy member).

#### Activities

The Compensation Committee is responsible for reviewing the Bank's compensation policy and determining the compensation of the Executive Board and the Head of Internal Audit.

#### Distribution of powers

The General Regulations define how the executive bodies are organized, the scope of their responsibilities and authority, and the principles of par the BCF's business activity as a bank. In accordance with the provisions of the Banking Act, responsibility for operational management is delegated to the Management team.

### Information and control instruments

BCF has a well-developed and standardized management information system (MIS) that enables the Board of Directors to fulfil their supervisory duties and check the powers delegated to the Management team. Each month, the Board of Directors receives a summary of the financial statements comparing the period's results with the budget and the previous year, as well as reports on risk. It then compares the current situation with the corresponding limits. BCF also has an internal control system (ICS) designed to ensure that the Bank is operating properly. The systems and processes in place keep the Board of Directors periodically informed of relevant facts, events and developments.

At Board of Directors' meetings, the CEO and other members of the Management team report on the operations of the business in their departments. The Chairman of the Board will immediately inform the Board of Directors in the case of extraordinary events.

### Risk Management and Compliance

BCF has independent Risk Management and Compliance functions. On the basis of the organization defined by the Board of Directors, the heads of the internal functions regularly inform the Audit and Risk Committee with respect to how the internal control system is operating, its adequacy, and their functions' compliance with regulatory provisions. The Compliance function reports directly to the Audit and Risk Committee. In addition, all BCF employees may directly contact Compliance at any time and in full discretion (e.g. as a whistleblower) in the event of a conflict of interest that cannot be resolved with senior management. The Risk Management and Compliance functions periodically prepare comprehensive reports on the results of their work for the Audit and Risk Committee and for the full Board of Directors.

The Audit and Risk Committee reviews the annual activity report of the Compliance and Risk Management functions.



## Internal Audit

### Composition as of 01.01.2024

Fabien Emery, Head of Internal Audit  
 Julien Mardon, Senior Internal Auditor  
 Constantin Anatrà and Lionel Carron, Internal Auditors

### Activities

The activities of the Board of Directors and in particular the Audit and Risk Committee are supported by the independent Internal Audit function and by the external auditor. Internal Audit reports to the Board of Directors. Internal Audit and the external auditing firm maintain an ongoing dialogue on risk assessment and the risk situation. Internal Audit and the external auditing firm each perform an independent risk analysis.

The Audit and Risk Committee adopts Internal Audit's annual plan. The auditing services of Internal Audit and of the external auditing firm are coordinated with regard to their respective tasks. The Audit and Risk Committee monitors the activities of Internal Audit. A separate regulation defines Internal Audit's working method. The results of Internal Audit's controls are discussed at every Audit Committee meeting. In addition, Internal Audit prepares annual and semi-annual activity reports for the Board of Directors.

## External auditors

Ernst & Young SA, Lancy  
 Appointed by the Board of Directors on 31 October 2017.

The external auditing firm prepares its overall report and that of the financial auditor (in accordance with Article 728b paragraph 1 of the Swiss Code of Obligations) as well as the report on the basic prudential audit. The overall report covers the financial year and is submitted to the Board of Directors. The report on the prudential audit covers the calendar year and is submitted to the Swiss Financial Market Supervisory Authority (FINMA), with a copy to the Board of Directors. Both reports are discussed by the Audit and Risk Committee of the Board of Directors in the presence of the external auditing firm.

## Board of Directors as of 31.12.2023



**Alex Geissbühler**

Born 12.11.1964, Swiss.

Chairman of the Board of Directors since 1 June 2022, term expires on 31 May 2025. Vice-chairman of the Board of Directors from 1 June 2017 until 31 May 2022.



**Urs Peter Gauch**

Born 18.09.1960, Swiss.

Vice-chairman of the Board of Directors since 1 June 2022, term expires on 31 May 2025.





**Dominique Jordan Perrin**

Born 18.07.1962, Swiss.

Member of the Board of Directors since 1 January 2017, term expires on 31 December 2024.



**Thomas Bachmann**

Born 09.05.1969, Swiss.

Member of the Board of Directors since 1 January 2017, term expires on 31 December 2024.

## Board of Directors as of 31.12.2023



**Yves Riedo**

Born 22.03.1968, Swiss.  
Member of the Board of Directors since 1 October 2015, term expires on 31 May 2024.



**Paul Such**

Born 22.09.1978, Swiss and French.  
Member of the Board of Directors since 1 January 2017, term expires on 31 December 2024.

The professional background and other activities of the members of the Board of Directors are available in the Appendix on pages 88-89.



**Jean-Pierre Siggen**

Born 01.06.1962, Swiss.

Member of the Board of Directors since 1 June 2022, term expires on 31 May 2025.



## Governance Bodies

### Executive Board

#### Responsibilities

According to the General Regulations in compliance with the provisions of the Banking Law, the Executive Board is responsible as a collective body for the overall management of BCF's business. The Executive Board consists of the CEO and five other members who report to the CEO.

Luc Jacquat joined the Executive Board on 1 January 2023 as Head of Finance. On 1 March 2023, Laurent Wicky joined the Executive Board as Head of the Corporate Clients division, replacing Denis Galley, who left the Bank in October 2023.

The Corporate Center has been strengthened by the creation of the Head of Communications and the Head of Corporate Development functions. It now also includes the Marketing & Sponsorship business unit (BU). The Corporate Clients division has integrated the services of a BU Corporate Support, while the Institutional BU Clients and External Asset Managers has joined the Private Clients division.

Over the past 12 months, BCF has continued to develop its business models.

BCF has five divisions and has structured both front office units uniformly around both the Corporate Clients and Private Clients segments. These two units are supplemented by the Products and Services, Finance, and Legal, Risk and Compliance divisions.

The powers of the Executive Board are defined in Article 33 of the BCF Law.

#### **In particular, the Executive Board has the following responsibilities:**

- is responsible for the proper functioning and development of the Bank and for maintaining unity in managing the Bank's affairs;
- issues advance warning on matters to be submitted to the Board of Directors;
- sets the interest rates;
- hires the Bank's employees and determines their salaries within the guidelines of the salary policy defined by the Board of Directors; it may also dismiss them;
- decides on the purchase and sale of real estate mortgaged to the Bank in the event of a compulsory sale.

#### Internal organization

The tasks of the Executive Board are distributed among the members by the Chairman. As a rule, the Executive Board meets once a week.

#### Rules on authorized activities

Acceptance of any other officer position (in the highest management or administrative body of a legal entity, associations, charitable foundations, family foundations and employee benefit foundations, etc.) is always subject to approval by the Board of Directors.

#### Management contracts

There are no management contracts between the Bank and external companies.

## Executive Board as of 31.12.2023



**Daniel Wenger**

Born 01.12.1966, Swiss.  
Chairman of the Executive Board since 1 January 2021.



**Christophe Mettler**

Born 27.02.1967, Swiss.  
Member of the Executive Board since 1 April 2021.

The professional background and other activities of the Executive Board members are available in the Appendix on pages 90-91.

## Executive Board as of 31.12.2023



**Anne Maillard**

Born 26.05.1969, Swiss.  
Member of the Executive Board since 1 January 2017.



**Luc Jacquat**

Born 25.05.1964, Swiss.  
Member of the Executive Board since 1 January 2023.





**Cédric Yerly**

Born 09.10.1975, Swiss.  
Member of the Executive Board since 1 January 2017.



**Laurent Wicky**

Born 16.12.1970, Swiss.  
Member of the Executive Board since 1 March 2023.

# Principles of the Compensation Policy

## Compensation system

The BCF compensation policy applies to all employees of the Bank. It describes the principles, objectives and process for determining compensation. For BCF, compensation is an important component in attracting, motivating and retaining qualified employees with the necessary knowledge and experience.

## Principles

Continuity and equal treatment are extremely important aspects of BCF's compensation policy. Salary levels and hiring conditions are regularly compared with trends in the labor market and with cantonal banks of comparable size. The salary system is designed to exclude any gender discrimination. To this end, BCF regularly conducts equal pay analyses. The studies conducted in 2020 and 2022 showed that we at the Bank abide by the principle of equal pay for men and women. These analyses were verified by the Société Générale de Surveillance (SGS) and were confirmed when the Bank was issued the «Fair-ON-Pay+» label.

## Compensation components

Compensation consists of a base salary («fixed salary»), performance bonus («variable bonus»), pension contributions and family allowances.

Compensation depends on the employee's function. Consequently, their fixed salary is based on each employee's skill level and falls within the framework of salary scales defined by function.

The performance bonus is a share in BCF's net profits and represents a gesture of the Bank's goodwill. It is determined according to individual performance and the Bank's profit results and may vary over time.

It is based on system of management by objectives. Each year, individual objectives (contributions, competencies, risk and conduct) are defined for every employee and are formally documented in the qualification system (annual performance appraisal). All of these criteria, which are weighted differently depending on the function, are taken into account when measuring individual performance.

## Powers and determination process

Based on a recommendation of the Executive Board, the Board of Directors determines the total amount of salary adjustments and the annual performance bonus each year. In doing so, it takes into account the Bank's financial results (for example, performance indicators such as changes in income, operating profit and the cost/income ratio), as well as other criteria, such as the economic environment and inflation.

The maximum amount of the performance bonus, variable compensation, and the maximum amount of the individual bonus for each function are linked to fixed salaries.

## Employees

Each year, the heads of the divisions and organizational units recommend salary increases and performance bonuses for their employees, in accordance with the instructions issued by the Executive Board. The performance bonus is based on a reference value and takes into account the employee's individual performance and conduct. The bonus is paid in March of the following year. Social security contributions, occupational pension provisions and family allowances are regulated.

## Executive Board

The compensation of the Chairman of the Executive Board and each member of the Executive Board is aligned with the average compensation of a reference group chosen by the Bank's Board of Directors.

The variable bonus is determined based on the individual performance of the members of the Executive Board and the Bank's business performance. As for the employees, the bonus amount is determined by a model that takes into account whether the individual goals and overall objectives set for the Bank are achieved.

The bonus is paid in March of the following year. For 2023, the compensation paid to members of the Executive Board totaled CHF 3,431,000. This amount reflects the expansion of the Executive Board to six members as well as early settlement of the succession of a retiring member of the Executive Board. Social security contributions, occupational pension provisions and family allowances are regulated.

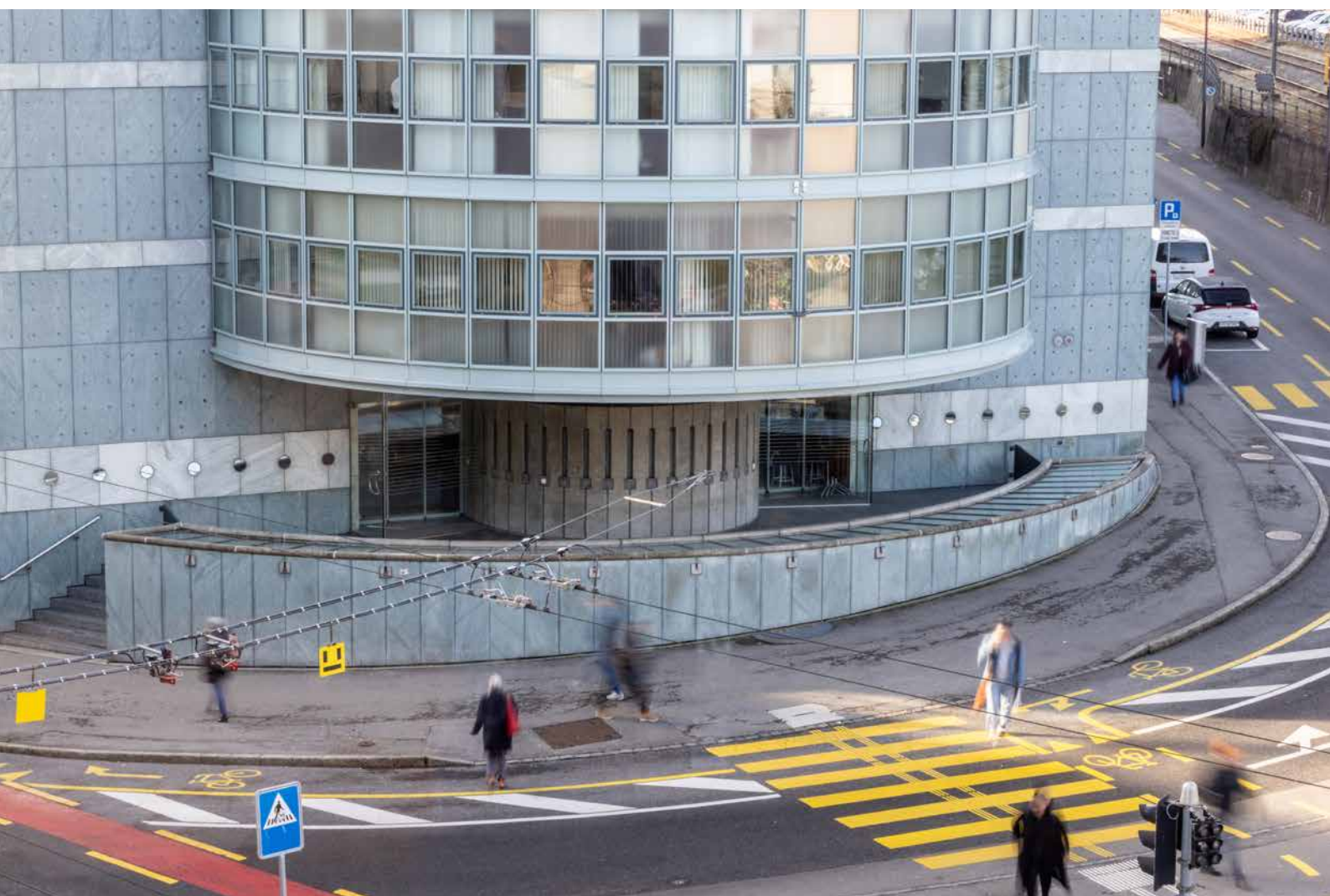
### Other employment conditions

The Bank pays all expenses associated with engaging in BCF's business activity. In order to simplify procedures, lump-sum expenses are paid to a defined group of employees.

BCF grants special terms and conditions to all employees, including the Executive Board, on all the Bank's services. With respect to loans, the preferential interest rate is in line with the industry and the amount is capped. The Board of Directors decides whether to grant loans or extend credit to members of the Executive Board.

### Board of Directors

The members of the Board of Directors are compensated for their services on the Board and the Board committees with a basic lump sum, directors' fees and, where appropriate, a lump sum for additional duties in accordance with Article 18 of the BCF Law. For loans, BCF grants all members of the Board of Directors the same terms and conditions as employees, i.e. a preferential interest rate in line with the industry, applied to a capped amount. In 2023, the compensation paid to members of the Board of Directors totaled CHF 1,086,000.





## Organizational Chart as of 01.01.2024

<b>Board of Directors</b> Alex Geissbühler Chairman	<b>Audit and Risk Committee</b> Yves Riedo Chairman	<b>Compensation Committee</b> Alex Geissbühler Chairman	
<b>Internal Audit</b> Fabien Emery			
<b>Chairman of the Executive Board</b> Daniel Wenger	<b>Corporate Center</b> Daniel Wenger	<b>Corporate Clients</b> Laurent Wicky	<b>Private Clients</b> Cédric Yerly
	<b>Communication</b> Christine Carrard	<b>Special Financing</b> Christophe Grivel	<b>Wealth Management</b> Alexandre Renevey
	<b>Corporate Development</b> Alexander Hayoz	<b>Corporate 1</b> Miguel Alverca	<b>Investment Office</b> Julien Yerly
	<b>ESG/Transformation</b> François Briguet*	<b>Corporate 2</b> Eric L'Eplattenier	<b>Institutional Clients and External Asset Managers</b> Nicolas Tercier
	<b>Human Resources</b> Patrick Betticher*	<b>Corporate Support</b> Fanny Egger	
	<b>Marketing and Sponsorship</b> Steeve Helbling		
	<b>Security</b> Frank Irrausch		

\* Member of the Extended Executive Board

	Products and Services Anne Maillard	Finance Luc Jacquat	Legal, Risk and Compliance Christophe Mettler
<b>Region Gruyère</b> Jean-Daniel Ducrest	<b>Product Development</b> Michel Gauthier	<b>Accounting</b> Manuel Burri	<b>Compliance and Central File</b> Pierre-Yves Jonin
<b>Region Veveyse</b> Christian Rouiller	<b>Client Service</b> Valentin Overney	<b>Management Control and Data</b> Grégory Baumann	<b>Legal and Litigation</b> Pierre-Yves Cotting
<b>Region Broye</b> Stéphane Niklaus	<b>Banking Operations</b> Jacques Pierret	<b>ALM</b> Julien Kolly	<b>Risk Management</b> Pierre Romanens
<b>Region Glâne</b> David Buchs	<b>Information Technology Development</b> Patrick Wicky	<b>Treasury and Financial Markets</b> Thomas Roggo	<b>Credit Risk Management</b> Alain Pauli
<b>Region Singine</b> Andreas Zbinden	<b>IT Operations</b> Nicolas Zbinden		
<b>Region Lac</b> Andreas Spring	<b>Real Estate and Logistics</b> Patrick Neuhaus		
<b>Region Sarine</b> David Sturny			





# BCF on the Path to Sustainability

**BCF's corporate responsibility is reflected in its commitment to addressing economic, ecological and social issues.**

As the Canton's leading bank, BCF plays a key role in contributing to the Canton of Fribourg, its municipalities and its parishes by paying funds that include taxes and remuneration for the endowment capital and for the Canton's guarantee.

BCF is a founding bank of the Carbon Fri Foundation, which aims to promote reduced CO<sub>2</sub> emissions by businesses in Fribourg. All the funds collected are redistributed throughout the economic fabric of the Canton by supporting local projects.

BCF's purchasing policy is a concrete example of the Bank's support of local SMEs. The Bank also offers training and information to our clients in the area of cybersecurity and data protection.

BCF plays an active role in society by staunchly supporting local sports, cultural and social activities in the Canton. The Bank has entered into more than 100 partnerships that foster close ties with nearly a thousand clubs and entities affiliated with various umbrella organizations.

## Our charter to support sustainable development

**At BCF, our business activities are focused on long-term success and on the creation of sustainable added value. We aim to have a positive influence on the region in which the Bank operates by supporting sustainable development for many years.**

For BCF, choosing sustainable development means doing business successfully over the long term, while acting responsibly with respect to society and the environment. This approach is spelled out in concrete terms in our Sustainable Development Charter and our Sustainability Report.

In this regard, the «Sustainable Development» working group evaluates the extent to which we are meeting goals, initiates follow-up measures, and ensures that our Bank's sustainability performance is presented transparently. This working group is made up of individuals responsible for processes that have

We at BCF are committed to meeting sustainable development goals (SDGs) and to aligning our management and core business more and more closely with these goals. In the BCF Sustainable Development Charter, we set goals and define the principles that we at the Bank commit to uphold.

significant social or environmental impact as well as staff representatives. We take sustainable development aspects into account in our business processes.

## Environmental commitment

BCF is deeply concerned about the Bank's environmental impact. Each year, the Bank reduces its CO<sub>2</sub> emissions. BCF is Carbon Fri certified, which confirms that it has implemented a climate policy and a plan of measures to reduce greenhouse gas emissions.



### CO<sub>2</sub> emissions

With its Carbon Fri label, BCF invests in proportion to its CO<sub>2</sub> consumption in sustainable projects run by the Carbon Fri Foundation, which helps improve the regional ecosystem.



### e-banking

Since 2011, BCF has been certifying its online banking products in accordance with ISO 14044, which covers all lifecycle emissions of its online products. On this basis, the Bank also invests in proportion to its consumption of CO<sub>2</sub> emissions to earn the Carbon Fri label.



### Green power

The electricity supply is 100% covered by Hydro Fri-bourg green energy.



### Paper

100% of the paper used by BCF is FSC-certified recycled paper. BCF gives its clients the opportunity save paper by replacing mailings with e-documents.



### Waste

Since 2013, BCF has reduced waste by 5%.



### Products

BCF offers several eco-responsible products, such as the Eco Mortgage and the Eco Renovation Mortgage loans and an ESG management mandate for wealth management.



### Buildings

The modernization of the BCF buildings takes into account best practices to optimize the energy balance. The Bank is implementing the new energy efficiency concept applicable to each renovation.



### Governance

For several years, an internal group working with the participation of all BCF employees has been proposing short-term and medium-term sustainable strategies and objectives.

## Social commitment

BCF is actively involved in the areas of culture, society and sports. It is an employer of choice, offering favorable working conditions and encouraging its employees to develop their skills.



### Staff

With 532 employees, BCF is one of the largest employers in the Canton. Its physical network of 26 branches ensures that the Bank maintains close ties with its clients.



### Public transport

BCF supports the purchase of public transportation passes for its employees. Business trips are made by public transport whenever possible.



### Youth

BCF is committed to training, investing the necessary resources in the supervision and training of the Bank's apprentices and trainees. In 2023, 20 apprentices and 6 trainees were trained at BCF.



### Suppliers

BCF works with local suppliers whenever possible as a means to contribute to the economic life of the canton. In 2023, CHF 15.2 million francs worth of work and orders were awarded to local SMEs.



### Health and safety at work

BCF is committed to providing favorable working conditions. It takes measures to protect health and safety in the workplace.



### Contributions/Taxes

In 2023, BCF played a key role as contributor by paying CHF 85.8 million to the Canton, municipalities and parishes of Fribourg. This amount includes taxes and remuneration for the Canton's guarantee and for the endowment capital, and an extraordinary payment of CHF 19.5 million to the Canton.



### Equal pay

BCF is committed to gender-equal pay.



### Continuing education

BCF encourages the professional development of its employees by offering continuing education programs that allow employees to develop their skills.



### Sponsorship

BCF sponsors a number of local associations and events, thereby contributing to the social fabric of the canton. In particular, BCF helps to promote access to quality journalism through our Zeitung in der Schule (ZISCH) initiatives with the Freiburger Nachrichten. In 2023, the amount the Bank spent on sponsorships reached CHF 3.9 million.

# Financial year 2023

## Strategy

In 2023, BCF continued to implement the Bank's strategy. Our different business models focus on two customer segments, Corporate Clients and Private Clients, with the aim of expanding the Bank's revenue base. The Products and Services division ensures that all the Bank's offerings provide optimal efficiency and the best services to our clients. With this in mind, we also take ESG criteria into account.

## Profitability

Operating profit reached CHF 224.3 million, an increase of CHF 50.5 million (+29.1%).

## Efficiency

Once again this year, BCF was very economical with its resources. The cost/income ratio (ratio of operating expenses to operating income, after depreciation and amortization) was 36.6%.

## A strong capital base

As a measure of the Bank's soundness, FINMA has defined a minimum capital ratio of 12%. With a CET1 ratio (core capital) of 18.78%, BCF clearly meets FINMA's regulatory requirements, despite reinstatement of the countercyclical capital buffer.

## Investments in the network

For BCF, personal ties and close contact with its clients are paramount. This is why the Bank continued to invest in its network in 2023. In particular, the Morat and Chiètres branches have been completely renovated and modernized. The branches now meet ever-changing client needs and evolving trends.

## More than CHF 80 million for the Canton

On the strength of its excellent results, BCF was able to pay out CHF 85.8 million to the Canton, municipalities and parishes, out of endowment capital of CHF 70.0 million. This payment includes taxes as well as remuneration for the Canton's guarantee and for the endowment capital.

## Information about the staff

With 532 employees, Banque Cantonale de Fribourg is one of the largest employers in the Canton of Fribourg. The Bank offers employees a secure job in a high-performing company, desirable working conditions, and top-quality training.

In 2023, BCF employees successfully completed 34 higher education courses, including 2 postgraduate degrees, 2 Master's degrees, 3 HES-SO Bachelor's degrees, 2 federal diplomas, 4 CYP programs, 6 diplomas and certificates, and 15 certifications. In addition, 20 apprentices and 6 trainees are currently in training.

## Support for businesses in Fribourg

BCF fulfills its mission by contributing to the support of the cantonal economy. The Bank established the Corporate and Real Estate Professionals division in view of our staunch commitment to this segment. This division offers a comprehensive range of products and services as well as individualized service for the various economic players in the region. Essentially a «bank for business and entrepreneurs,» this division actively provides expert advice to all types of companies. It supports the development of industrial, independent, and professional real estate entities as well as municipalities and public-law corporations by providing a wide range of products and services essential for their operational and financial activities. For example, BCF covers companies' needs for working capital, financing, foreign exchange and bank guarantees.





With advisors firmly rooted in the economic fabric of the region, BCF delivers pragmatic solutions specially suited to meet its clients' needs. The expertise and solid experience of the special financing team provides additional support to start-ups, complex financial arrangements, and corporate succession transactions. Corporate succession is a central, essential concern given that one out of every two business leaders is over age 50.

With a presence across 26 branches and decision-making centres throughout the Canton, BCF maintains and develops longstanding relationships with our corporate clients by successfully identifying viable proposals while at the same time understanding local restrictions.

## Real estate

In 2023, economic activity slowed, and property prices stabilized against the backdrop of inflationary pressures and uncertainty surrounding geopolitical tensions in several parts of the world and recently in the Middle East. These effects were accentuated by the Swiss National Bank's restrictive monetary policy, which has resulted in several increases in the SNB's key lending rate. These trends are confirmed by a study on the real estate market in Fribourg, published in collaboration with the consultancy firm Wüest Partner SA. Property prices remained broadly stable despite some reduction in demand, as limited supply kept prices buoyant. Population growth and the rising number of small households spurred demand, lowering vacancy rates and pushing up rents. Despite uncertainties in the economic environment, real estate has remained robust and appealing to investors.

As of 31/12/2023, the division dedicated to real estate companies reported loans and advances to customers totalling over CHF 13 billion.

BCF complies with the guidelines in effect issued by the Swiss Bankers Association (SBA) that govern the review, evaluation and processing of loans secured by real estate pledges as well as the guidelines on minimum requirements for mortgage financing. Its rules governing the granting of mortgage loans are based on the principles of caution and thorough analysis. BCF's methods are based, among other factors, on the client's financial situation and the property being financed.

## Wealth Management

BCF's Wealth Management activities initiated significant improvements as of 1 July 2023, coinciding with the arrival of the unit's new head. This transformation reflects a comprehensive approach to building our clients' wealth, grouping together real estate assets, business holdings, pension fund assets and securities portfolios. The unit was renamed Wealth Management as of 1 December 2023. BCF's Wealth Management advisors draw on their in-depth understanding of its clients and their professional and personal backgrounds to envision solutions beyond simple stock market transactions. BCF's Wealth Management division offers discretionary management mandates and advisory mandates that comply with strict regulatory requirements, thereby ensuring the highest level of quality advisory services. BCF promotes management aligned with the UN Sustainable Development Goals, and in 2023 we enhanced our sustainable investment offering, defined according to ESG criteria.

### Advances to customers by business line (as a % of advances to customers)

1.2	Agriculture	3.8	Financial and insurance activities
2.4	Manufacturing industries	15.8	Real estate activities
1.1	Electricity and gas production	1.9	Scientific and technical activities
0.6	Water production, waste management	2.9	Public administration
2.8	Construction	0.7	Education
2.5	Trade	2.3	Health and social work
0.9	Hotel and restaurant industry	0.5	Arts and entertainment
0.3	Information and communication	1.0	Miscellaneous
1.2	Transportation and storage	58.1	Private households

These services are provided independently by employees based in the Canton of Fribourg. They receive the support of Wealth Planning specialists who are dedicated to helping Fribourg's numerous entrepreneurs and employees in their transition to retirement by optimizing the management of their assets. The structuring of assets at BCF makes it possible to distinguish among solutions for short-term liquidity needs, investments for a secure retirement, and optimal transmission of wealth to the next generation.

## Serving the public

BCF is at the service of the people of the Canton of Fribourg. In 2023, the Bank established a new Private Clients division to offer our diversified customer base the best possible service. This new division is responsible for managing relationships with individuals and offers individually tailored products and services in financing, wealth management, pension and financial planning, and in connection with its investment center.

BCF continues to offer its network of 26 BCF branches in the seven districts of the Canton. One of its priorities is to maintain close customer contact and deliver advice directly to clients. So, the Bank continues to renovate its branches to welcome and serve its customers in keeping with the changing needs of the market and society.

## Products and Services

### New customer portal

The new customer portal, which was launched on 11 November 2023, offers a more user-friendly interface with fully integrated e-banking. Once logged in, the user is identified and can then navigate in both the customer portal and the bcf.ch site. It takes just seconds to order a product or make an appointment.

The new messaging system provides secure communication and exchange of documents with the advisor.

The portal offers customers the opportunity to take part in a number of exclusive promotions.

### No-fee services

For many years, BCF has pursued a strategy that allows it to offer its clients all the basic services free of banking fees.

This means that individuals can benefit from the following products and services free of charge: deposit accounts, savings accounts, bonus savings accounts, savings 3 accounts, e-banking, mobile banking, TWINT, and Sesam cards. Products for customers over age 60, young people and students are also free of bank charges.

Currently, only charges related to Mastercard debit and Mastercard and Visa credit cards are passed on to customers in order to cover the costs charged by the Bank's suppliers. The infrastructure for payments and security is expensive.

In addition, unlike its competitors, BCF is one of the few Banks that does not steer our customers toward product packages invoiced on a monthly basis. BCF transparently offer its clients the choice of services that best suit them.



## Real estate

In 2023, BCF continued to renovate its branches. It has completed two major projects, with a view to preserving historical aspects of the properties while at the same time providing clients and staff with user-friendly branches adapted to today's needs.

### Morat branch

The BCF branch in Morat has welcomed a loyal clientèle in its historic building in the heart of the old city since 1892. To adapt to changing needs, the ground floor premises have now been completely renovated. The refurbished spaces – approximately 140 square meters – feature transparency and modernity. The themes of the City of Morat and the vineyards of Vully are reflected in several architectural elements.

To provide convenience and quality service, the Morat branch continues to offer payment, direct debit and foreign exchange transactions. As part of the renovation, an area has been designed for advisory services. Customers also have access to ATMs, a depomat banknote counter, a rolled coin dispenser and safe deposit boxes.



### Chiètres branch

The BCF branch in Chiètres has offered all the services of a local bank to neighboring and regional customers since 1971. In 2023, the ground floor was renovated and refurbished in keeping with the BCF branch renovation program.

An advisory services area and a new lounge have been designed to accommodate customers more comfortably and conveniently. Customers also have access to ATMs and a depomat cash handling machine. The branch also adheres to a new energy consumption standard.





# BCF's Commitments

BCF's commitment to the social, cultural and sporting life of the Canton reflects our desire to partner with the people who make Fribourg so vibrant.

In 2023, the Bank contributed CHF 3.9 million to the development of culture, sports and social activities.

The Bank aspires to long-term collaborations through renewable partnerships of generally three years. Its partner associations can count on a fixed contribution so that they can devote themselves to their activities with peace of mind. BCF has entered into more than 100 partnerships, all while boosting its brand image and supporting the Bank's business strategy. These partnerships create close contact with nearly 1,000 clubs and groups, as well as clubs affiliated with various umbrella organizations.

In 2023, BCF was proud of its commitments to:

## CREAHM – Differently Abled Artists Workshop

Founded in 1998 by the Fribourg artist Ivo Vonlanthen, the CREAHM workshop in Villars-sur-Glâne celebrated its 25th anniversary in 2023. CREAHM enables people with disabilities and artistic skills to create and develop their own work. The CREAHM workshop is run by professional artists who share their experience and defend art in its raw state by sharing it with the public. To date, CREAHM's artists have taken part in nearly 200 projects and exhibitions in Fribourg, throughout Switzerland and around the world.



## FribourgOPEN

The first edition of the FribourgOPEN was held at the end of September 2023. For 4 days, more than 100 companies all over the Canton opened their doors to allow the public to visit and discover their know-how, activities and professions through demonstrations, worksite visits, booths for apprentices and guided tours. The companies took advantage of the opportunity to introduce themselves and showcase some 400 professions and activities. More than 4,000 visitors discovered the vibrant wealth of Fribourg's growing economy. BCF also seized the opportunity to open its doors and welcome a curious public to learn about the Bank's activities.



## Tzampata

The Tzampata (from «tzamper», which means to run in Bolze), is a popular footrace up 6 stairways in the city of Fribourg, through Stalden, Tour des Chats, St-Michel, St-Jost, Court-Chemin and the famous stairs of the funicular, for a total of 1,382 steps. On 30 April, some 600 intrepid runners – cheered on by a huge crowd – set off individually, with their families or in groups for a race in which only the stairs are timed. For the 2023 edition, BCF sponsored the 242 steps and 35-meter ascent up the St-Michel staircases, where the best men's time was 30 seconds, with the best women's time of 49 seconds.





## 6 heures de Fribourg

«6 heures de Fribourg» (6 hours Fribourg) is an event that promotes learning about new forms of energy, mainly through an endurance race of miniature cars powered by hydrogen fuel cell batteries. Organized by the Chamber of Commerce and Industry of the Canton of Fribourg and the Ecole des Métiers de Fribourg, it was held at the Bicubic cultural center in Romont from 4 to 6 May 2023. This educational event to promote sustainable development is aimed at Swiss primary, secondary 1 and 2, and vocational secondary 2 students. In 2023, 12 teams in the H2GP category and 9 teams of apprentices in the PRO category competed in the race to the delight of a captivated audience. The winners of the H2GP category represented Switzerland with distinction, taking 6th place at the Horizon Hydrogen World Final in Las Vegas.



## Morat-Fribourg

The mythical Morat-Fribourg run needs no introduction in the Canton. Tracing the route run by a Swiss soldier to announce the Confederate victory over Charles the Bold, Duke of Burgundy, at the Battle of Morat in 1476, this race has commemorated the foundational event in the Canton of Fribourg since 1933. Close to 10,000 runners take part in this unforgettable experience, a «leg-breaking» route of just over 17 km, cheered by the unconditional support of a large crowd. Races of other distances that appropriate for runners at every level – such as the Mini-Morat-Fribourg for children sponsored by BCF – allow everyone to enjoy the excitement...until next year.





# The Banque Cantonale de Fribourg Foundation

The Banque Cantonale de Fribourg Foundation, with a capital of CHF 2.25 million, was created on the occasion of BCF's 100th anniversary in 1992. The purpose of the BCF Foundation is to promote the achievement and development of cultural, artistic and scientific activities and events. Since its creation, more than one million Swiss francs have been invested in a variety of large-scale projects.

Recent projects that have received support from the Foundation are presented on the BCF website. The criteria for granting a donation and an electronic application form are also available on the website.

## Junges Theater Kerzers

«Buntspecht» (green woodpecker) is an original stage play entirely created, staged and performed by the «Junges Theater Kerzers» theatre troupe, composed of young people aged 9 to 13 from the Chiètres region. The play addressed several issues that affect children, such as living together, sharing and loving others. This project provided a fun way for the young troupe members to develop personal skills, such as autonomy and accountability, self-confidence, spontaneity and creativity, as well as social skills, including living together, team spirit, perseverance, assertiveness and conflict management. All three performances held at the Kulturkeller Gerbestock Kerzers cultural center at the end of September 2023 were a great success.



## 40 years of Fri-Son

Fri-Son is an emblematic venue of Fribourg's musical culture with a reputation that extends far beyond the borders of the Canton. The club's 40<sup>th</sup> anniversary was celebrated in style with a major musical weekend in September 2023. Under the motto «Viertante Quarzig,» 23 bands, 85 artists and almost 5,000 visitors celebrated the longevity of Fri-Son. Fri-Son featured a number of memorable concerts in 2023 with musical diversity that catered to all tastes and inspired all generations.





# 2024 Perspectives

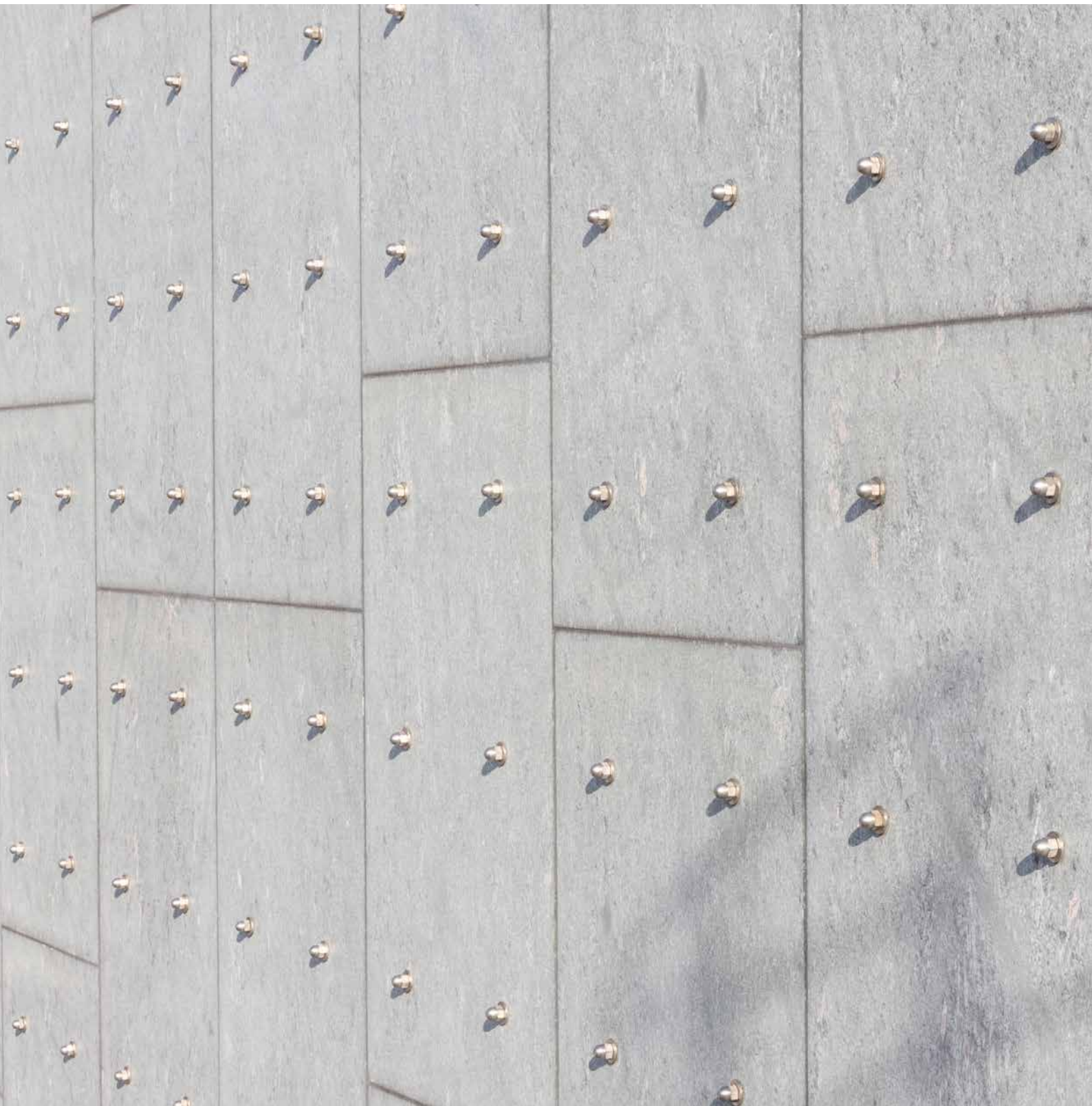
## **Pursuing the BCF strategy.**

The profit outlook for 2024 is influenced by developments in the current economic situation, in particular war in Ukraine and in the Middle East, as well as uncertainties surrounding cyclical trends and potential reductions in the key interest rate.

On the strength of our excellent financial condition, BCF is nevertheless expecting a solid financial year for 2024. The Bank is confident that it will continue to pursue the BCF strategy and remain true to its values, with a focus on local service, unwavering and sustainable support for the Canton's economy and its commitment to the people of Fribourg.

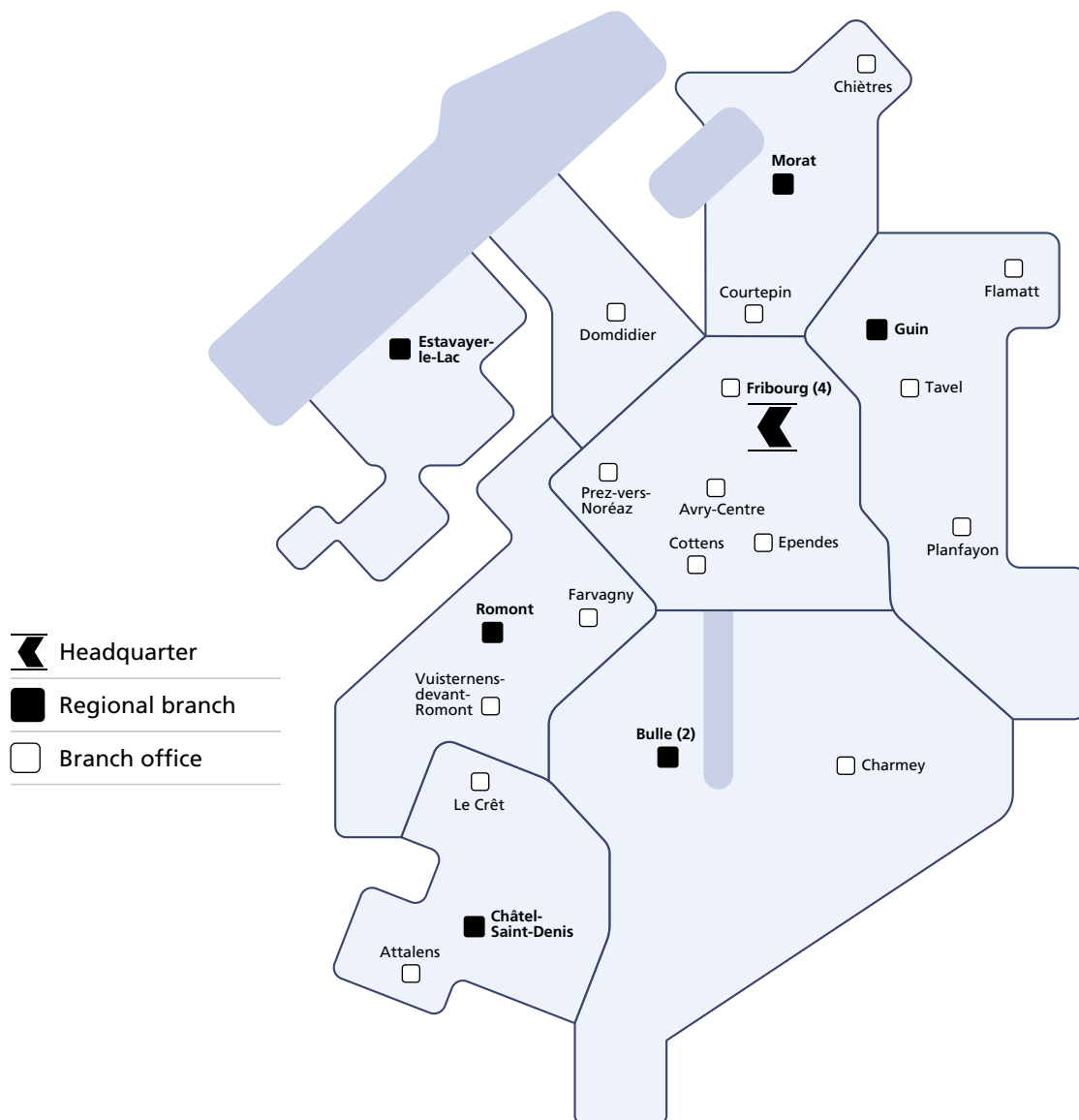
The Bank will also move forward with modernizing the BCF headquarters and its network of branches. BCF continues to invest in innovation, digitalization and streamlining our processes.







# Network 2024





# Financial Report 2023

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# Report on the Financial Statements 2023

## Balance sheet (in CHF thousands)

	2023	2022	Change as %
Total assets	27,960,449	27,324,676	+2.3
Advances to customers	22,674,544	21,569,674	+5.1
Financial investments	1,461,574	1,474,473	-0.9
Customer deposits	16,507,088	16,086,917	+2.6
Equity (after repartition)	2,499,146	2,360,650	+5.9

In 2023, the balance sheet total rose by CHF 0.6 billion or 2.3% to CHF 28.0 billion.

This was primarily attributable to the strong growth in advances to customers of CHF 1.1 billion or 5.1%. Mortgage loans alone rose by CHF 0.7 billion to CHF 19 billion.

New credit limits totaled CHF 2.4 billion.

Customer deposits in all forms rose by CHF 0.4 billion to CHF 16.5 billion.

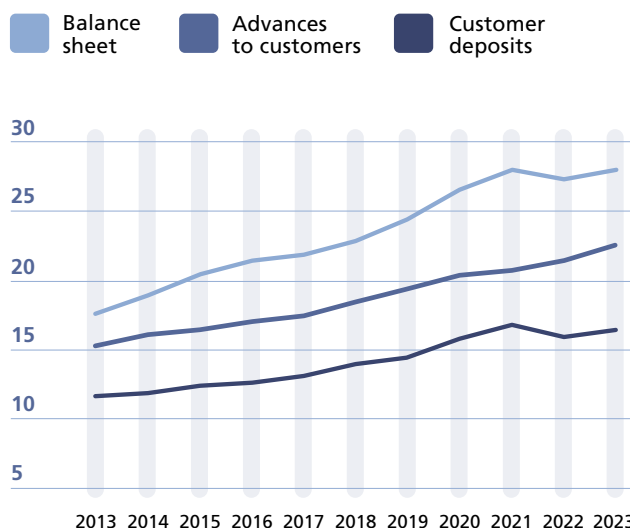
## Cash and cash equivalents

According to Article 13 et ff. of the Ordinance to the Federal Act on the Swiss National Bank (OBN) of March 18, 2004, the average monthly liquidity requirement for the reference period from December 20, 2023, to January 19, 2024, amounts to CHF 150.4 million. In December 2023, the daily average for that period shows a balance of CHF 3,520.8 million, which is CHF 3,370.3 million above the required amount.

In terms of liquidity reserves, the short-term liquidity ratio (LCR) based on the Basel III agreement is 226%, well above the regulatory limit of 100%.

## Balance sheet overview 2013 - 2023

(in CHF billion)





## Assets

**Receivables from banks**, consisting mainly of short- and medium-term deposits placed with investment-grade banks, amounted to CHF 0.3 billion.

At the end of 2023, as at the end of 2022, the balance sheet contains no **receivables from securities financing transactions** (reverse repo).

**Advances to customers**, less value adjustments for default risks, increased by CHF 1.1 billion to CHF 22.7 billion (+5.1%).

For the first time, mortgage loans rose by CHF 0.7 billion to CHF 19.0 billion (+3.7%). Other amounts due from customers rose by CHF 0.4 billion (+13.1%) 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 1.5 billion. They include securities acquired for investment purposes and as a cash reserve (over 98%), 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 74.4 million, after depreciation.

### Assets breakdown in %

<b>67.9</b>	Mortgage loans
<b>11.8</b>	Cash and cash equivalents
<b>13.1</b>	Amounts due from customers
<b>5.2</b>	Financial investments
<b>0.9</b>	Receivables from banks
<b>0.3</b>	Tangible fixed assets
<b>0.2</b>	Positive replacement value of derivative financial instruments
<b>0.2</b>	Participations
<b>0.2</b>	Accrued expenses and deferred income

## Liabilities

On the liabilities side, **total liabilities to banks** remained stable at CHF 1.4 billion.

At the end of 2023, BCF had no **receivables from securities financing transactions**.

**Customer deposits** rose from CHF 355.4 million to CHF 16,1 billion.

**Cash bonds** gained in attractiveness and increased by CHF 64.8 million to CHF 358.3 million (+22.1%).

**Total borrowings and loans from the central mortgage bond institution** amounted to CHF 7.3 billion. In 2023, the Bank issued a new bond of CHF 150.0 million and subscribed to the various issues of the Pfandbriefzentrale Schweizer Kantonalbanken for a total amount of CHF 387.0 million. During the same period, CHF 264.0 million of the cantonal banks' mortgage bonds were repaid and CHF 200.0 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 19.1 million, compared to CHF 10.2 million at the end of 2022.

The **reserves for general banking risks**, considered as equity capital, were increased by an allocation of CHF 52.0 million. They amount to CHF 719.0 million.

### Liabilities breakdown in %

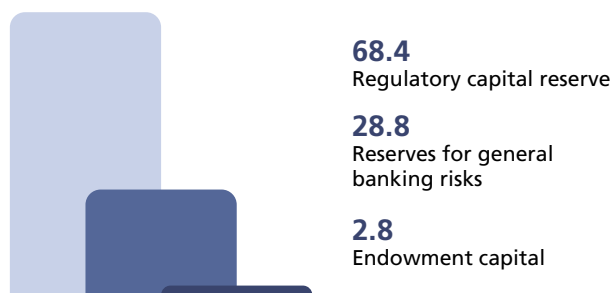
<b>57.8</b>	Amounts due in respect of client deposits
<b>26.1</b>	Bond and central mortgage institution loans
<b>9.2</b>	Shareholders' equity
<b>5.0</b>	Amounts due to banks
<b>1.3</b>	Cash bonds
<b>0.3</b>	Accrued expenses and deferred income
<b>0.2</b>	Negative replacement value of derivative financial instruments
<b>0.1</b>	Other liabilities
<b>0.1</b>	Provisions

## 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.

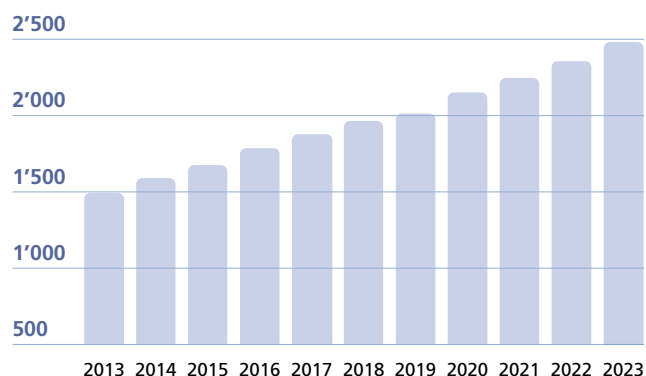
After allocating funds to reserves for general banking risks and after profit distribution, total equity increased by CHF 138.5 million to over CHF 2.5 billion. The CET1 (Common Equity Tier 1) ratio was 18.78%. BCF fully complies with the relevant requirements.

### Breakdown of equity in % after distribution of profit



### Evolution of equity 2013 - 2023

(in million CHF)



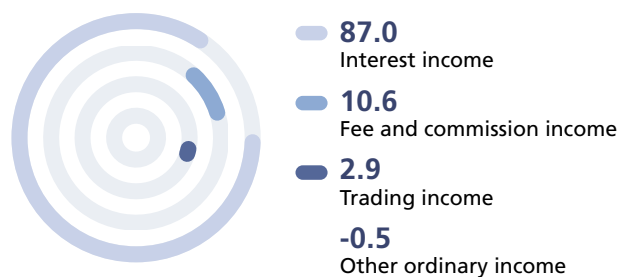
## Income statement

For the 30<sup>th</sup> consecutive year, BCF achieved a record high. This marked increase enabled BCF to pay the canton CHF 75.0 million, including an extraordinary payment of CHF 19.5 million. Taking into account taxes, the canton, municipalities and parishes receive a total of CHF 85.8 million.

Equity capital was also increased by an allocation of CHF 52.0 million to reserves for general banking risks and CHF 87.0 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 operating revenues in %



## Operating income

Total **operating income** increased significantly by CHF 60.5 million to CHF 370.6 million (+19.5%).

### Interest operations

The robust growth in advances to customers and the rise in interest rates are drivers of the Bank's most important source of income. **Net interest income** rose significantly by CHF 68.1 million to CHF 322.4 million (+26.8%).

This result takes into account the change in value adjustments for default risks and interest losses amounting to CHF 28.5 million. The value adjustments set out in the FINMA Accounting Ordinance (OEPC) cover default risks for impaired loans/receivables and inherent default risks for non-impaired loans/receivables.

The share of interest income represents 87% of the total operating income.

### Commission and service operations

The **result of commission and service operations**, as in the previous year, amounted to CHF 39.3 million (-1.9%).

### Trading operations

**Income from trading operations**, which is mainly composed of income from foreign exchange and precious metals, amounted to CHF 10.9 million and is thus similar to 2022.

### Other ordinary results

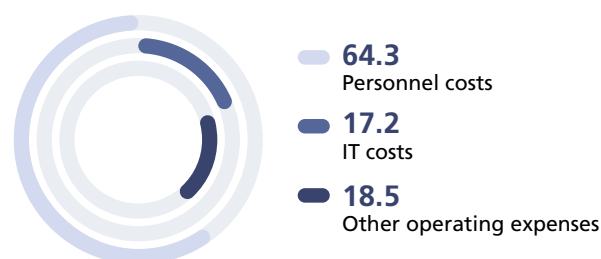
Ordinary expenses of CHF 5.4 million exceed ordinary income of CHF 3.4 million, resulting in an excess of CHF 2.0 million.

## Operating expenses

Operating expenses increased by CHF 13.2 million to CHF 126.7 million (+11.6%). Much of this development can be explained by the tangible reinforcement of front office and defence lines.

The cost-to-income ratio after depreciation was 36.6%, confirming the Bank's effectiveness.

### Breakdown of operating expenses in %



## Results

### Value adjustments on participations, amortisation on tangible fixed assets

Depreciation of tangible fixed assets and value adjustments on investments totaled CHF 10.2 million, compared with CHF 18.7 million, a decrease of CHF 8.4 million.

### Changes in provisions and other value adjustments, losses

Changes in provisions, other value adjustments and losses amounted to CHF 9.4 million, compared with CHF 4.2 million in 2022.

### Operating income

**Operating income** reached CHF 224.3 million, an increase of CHF 50.5 million (+29.1%). For the first time, it has crossed the barrier of CHF 200 million.

### Taxes

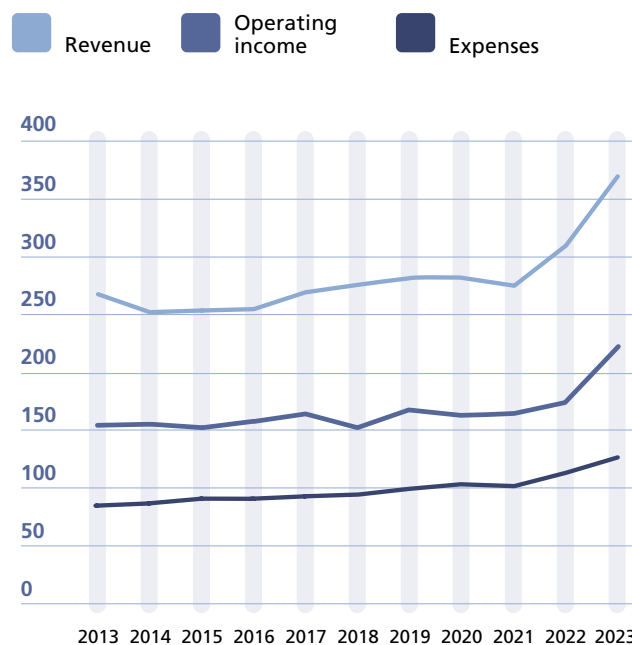
The municipalities received CHF 4.5 million, the parishes CHF 0.5 million and the Canton CHF 5.8 million.

### Profit for the year

After an allocation of CHF 52.0 million to the reserves for general banking risks, **profit** amounted to CHF 161.5 million, an increase of CHF 20.3 million or +14.4%.

### Development of results 2013 - 2023

(in CHF million)





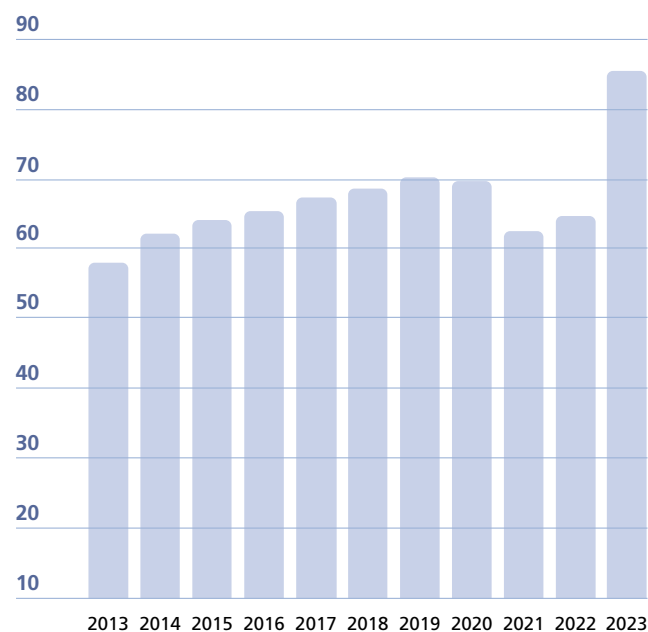
## Breakdown of profit

At their last meeting, the Board of Directors has decided on the presented financial statements. It recommends the following appropriation of profit and distributions:

Profit of the year	CHF	161,496,131
Retained earnings	CHF	650,099
Profit shown on the balance sheet	CHF	162,146,230
<b>Breakdown of profit</b>		
Compensation for the State guarantee	CHF	44,500,000
Remuneration of the endowment capital	CHF	11,000,000
Extraordinary payment to the State	CHF	19,500,000
Allocation to reserve fund	CHF	87,000,000
Retained earnings	CHF	146,230

## Evolution of the annual payment (including taxes) to the State 2013 - 2023

(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 2023

(in CHF thousands)

			Change	
	31.12.2023	31.12.2022	In CHF	In %
<b>Assets</b>				
Cash and cash equivalents	3,306,651	3,466,794	-160,143	-4.6
Receivables from banks	264,447	532,207	-267,760	-50.3
Amounts due from securities financing transactions	0	0	0	0.0
Amounts due from customers	3,675,499	3,248,436	427,063	13.1
Mortgage loans	18,999,045	18,321,238	677,807	3.7
Trading portfolio assets	4,477	2,820	1,657	58.8
Positive replacement value of derivative financial instruments	59,360	106,006	-46,646	-44.0
Other financial assets at fair value	0	0	0	0.0
Financial investments	1,461,574	1,474,473	-12,899	-0.9
Accrued expenses and deferred income	43,664	33,138	10,526	31.8
Participations	65,680	64,774	906	1.4
Tangible fixed assets	74,459	68,748	5,711	8.3
Intangible assets	0	0	0	0.0
Other assets	5,593	6,042	-449	-7.4
<b>Assets</b>	<b>27,960,449</b>	<b>27,324,676</b>	<b>635,773</b>	<b>2.3</b>
Total subordinated assets	75,258	85,259	-10,001	-11.7
of which subject to mandatory conversion and/or conditional write-off	0	0	0	0.0
<b>Liabilities</b>				
Amounts due to banks	1,388,165	1,378,124	10,041	0.7
Liabilities arising from securities financing transactions	0	0	0	0.0
Amounts due in respect of customer deposits	16,148,774	15,793,354	355,420	2.3
Trading portfolio liabilities	0	0	0	0.0
Negative replacement values of derivative financial instruments	49,842	62,694	-12,852	-20.5
Other financial liabilities at fair value	0	0	0	0.0
Cash bonds	358,314	293,563	64,751	22.1
Bonds and central mortgage institution loans	7,307,000	7,234,000	73,000	1.0
Accrued expenses and deferred income	94,002	86,590	7,412	8.6
Other liabilities	21,140	48,509	-27,369	-56.4
Provisions	19,066	10,192	8,874	87.1
Reserves for general banking risks	719,000	667,000	52,000	7.8
Endowment capital	70,000	70,000	0	0.0
Retained earnings	1,623,000	1,539,000	84,000	5.5
Retained profit	650	504	146	29.0
Profit of the year	161,496	141,146	20,350	14.4
<b>Total liabilities</b>	<b>27,960,449</b>	<b>27,324,676</b>	<b>635,773</b>	<b>2.3</b>
Total subordinated liabilities	0	0	0	0.0
Of which subject to mandatory conversion and/to debt waiver	0	0	0	0.0
<b>Off-balance-sheet transactions</b>				
Contingent liabilities	213,314	202,673	10,641	5.3
Irrevocable commitments	225,214	237,663	-12,449	-5.2
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 2023

(in CHF thousands)

	Change			
	2023	2022	In CHF	In %
Interest and discount income	468,013	306,129	161,884	52.9
Interest and dividend income from trading operations	85	32	53	>100.0
Interest and dividend income from financial investments	11,809	11,215	594	5.3
Interest expense	-128,990	-58,144	70,846	>100.0
<b>Net interest income before loan impairment charges/reversals</b>	<b>350,917</b>	<b>259,232</b>	<b>91,685</b>	<b>35.4</b>
Changes in value adjustments for default risks and losses on interest transactions	-28,540	-4,919	23,621	>100.0
<b>Net interest income after loan impairment charges/reversal (NII)</b>	<b>322,377</b>	<b>254,313</b>	<b>68,064</b>	<b>26.8</b>
Fees and commissions on securities and investment transactions	19,048	20,907	-1,859	-8.9
Fees and commissions on credit operations	2,213	2,096	117	5.6
Fees and commissions on other services	21,608	21,000	608	2.9
Fee and commission expense	-3,565	-3,930	-365	-9.3
<b>Net fee and commission income</b>	<b>39,304</b>	<b>40,073</b>	<b>-769</b>	<b>-1.9</b>
<b>Net trading income and fair-value adjustments</b>	<b>10,897</b>	<b>10,908</b>	<b>-11</b>	<b>-0.1</b>
Gains/losses on disposals of financial investments	35	-109	144	>100.0
Income from participations	2,815	2,522	293	11.6
Real-estate income	-170	916	-1,086	>-100
Other ordinary income	611	1,708	-1,097	-64.2
Other ordinary expenses	-5,301	-247	5,054	>100.0
<b>Other ordinary income</b>	<b>-2,010</b>	<b>4,790</b>	<b>-6,800</b>	<b>&gt;-100.0</b>
<b>Total operating revenues</b>	<b>370,568</b>	<b>310,084</b>	<b>60,484</b>	<b>19.5</b>
Personnel costs	-81,388	-70,543	10,845	15.4
Other operating expenses	-45,272	-42,948	2,324	5.4
<b>Operating expenses</b>	<b>-126,660</b>	<b>-113,491</b>	<b>13,169</b>	<b>11.6</b>
Value adjustments on participations, amortization on tangible and intangible assets	-10,227	-18,658	-8,431	-45.2
Changes in provisions and other value adjustments, losses	-9,423	-4,185	5,238	>100.0
<b>Operating profit</b>	<b>224,258</b>	<b>173,750</b>	<b>50,508</b>	<b>29.1</b>
Extraordinary income	0	0	0	0.0
Extraordinary expenses	0	0	0	0.0
Change in reserves for general banking risks	-52,000	-25,000	27,000	>100.0
Taxes	-10,762	-7,604	3,158	41.5
<b>Profit of the year</b>	<b>161,496</b>	<b>141,146</b>	<b>20,350</b>	<b>14.4</b>
Retained earnings	650	504	146	29.0
<b>Profit shown on the balance sheet</b>	<b>162,146</b>	<b>141,650</b>	<b>20,496</b>	<b>14.5</b>
<b>Appropriations</b>				
Compensation for the State guarantee	44,500	46,000	-1,500	-3.3
Remuneration of the endowment capital	11,000	11,000	0	0.0
Extraordinary payment to the State	19,500	0	19,500	0.0
Allocation to fund reserve	87,000	84,000	3,000	3.6
Retained earnings	146	650	-504	-77.5

## Cash flow statement as of 31 December 2023

(in CHF thousands)

	Reporting year		Previous year	
	Source	Use	Source	Use
<b>Cash flow from operations:</b>				
Net profit for the year	161,496		141,146	
Change in reserves for general banking risks	52,000		25,000	
Value adjustments on participations, depreciation on tangible and intangible assets	10,227		18,658	
Provisions and other value adjustments	8,874		3,054	
Changes in value adjustments for default risks and losses	22,592		3,154	
Active delimitations		10,526	270	
Passive delimitations	7,412			7,266
Payment to the State		57,000		55,000
<b>Balance</b>	<b>262,601</b>	<b>67,526</b>	<b>191,282</b>	<b>62,266</b>
<b>Cash flow from investments</b>				
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flow from investments:</b>				
Participations		2,081		22,986
Real estate		5,930		3,151
Other tangible fixed assets		8,833	51	6,979
<b>Balance</b>	<b>0</b>	<b>16,844</b>	<b>51</b>	<b>33,116</b>
<b>Cash flow from banking operations:</b>				
Due to banks – short term		34,959		184,787
Due to banks – long term	45,000			104,000
Receivables from banks – short term	217,795		521,372	
Receivables from banks – long term	49,965			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	355,420			736,118
Amounts due from customers		448,570		203,610
Mortgage loans		678,892		618,079
Negative replacement value of derivative financial instruments		12,852		36,516
Positive replacement value of derivative financial instruments	46,646			96,024
Cash bonds	109,935	45,184	34,065	39,728
Borrowings	150,000	200,000	140,000	200,000
Long-term borrowings	387,000	264,000	709,000	442,000
Financial investments	12,899			104,359
Trading operations		1,657		818
Other liabilities		27,369	43,006	
Other receivables	449		87,752	
<b>Balance</b>	<b>1,375,109</b>	<b>1,713,483</b>	<b>1,535,195</b>	<b>2,816,004</b>
<b>Cash and cash equivalents status:</b>				
Cash and cash equivalents	160,143		1,184,858	
<b>Balance</b>	<b>1,797,853</b>	<b>1,797,853</b>	<b>2,911,386</b>	<b>2,911,386</b>



## Statement of changes in equity as of 31 December 2023

(in CHF thousands)

	Endowment capital	Reserves for general banking risks	Retained earnings	Retained profit/loss	Result for the period	Balance
<b>Equity at the beginning of the reporting period</b>	<b>70,000</b>	<b>667,000</b>	<b>1,539,000</b>	<b>141,650</b>		<b>2,417,650</b>
Dividends and other distributions				-57,000		-57,000
Other allocations to (withdrawals) from reserves for general banking risks		52,000				52,000
Other allocations (withdrawals) from other reserves			84,000	-84,000		0
Profit/loss for the year					161,496	161,496
<b>Equity at the end of the reporting period</b>	<b>70,000</b>	<b>719,000</b>	<b>1,623,000</b>	<b>650</b>	<b>161,496</b>	<b>2,574,146</b>

# 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 December 31, 2023, the Bank had 532 employees (December 31, 2022: 489) representing 443 full-time jobs (December 31, 2022: 403).

### 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 87% 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 73% of the advances to customers.

#### Commission and service business

The commission and service business accounts for 10.6% 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 2.9% 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.

## 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:	31.12.2023	31.12.2022
EUR	0.927	0.984
USD	0.837	0.922
GBP	1.067	1.114

### 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 utilization, 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», or via «changes in provisions and other value adjustments» 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 recognized in the result of «Trading operations». Interest and dividend income from trading portfolios is recognized 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 recognized 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 01/01/2024, 512 active insured and 201 pensioners are affiliated to the pension fund (previous year: 464 and 200).

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 2023 amounted to CHF 8.9 million (see table on page 76).

## 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 2023.

## Factors affecting the Bank's economic situation

The 2024 outlook and the probability of the results will be influenced by developments in the current economic situation, which is particularly marked by the war in Ukraine and the Middle East, as well as uncertainties surrounding inflation trends and any reduction in the key interest rate.

Depending on the business area, these uncertainties also impact our customers' financial situation. If necessary, the increase in risks related to credit operations could eventually make it necessary to set aside additional value adjustments.

## 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 optimization 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 summarized 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 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 analyzes 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.



## 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 organization of credit risk, the strategy for taking credit risk, the delegated roles, responsibilities and competencies with regard to organization and the process of analyzing 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 organizational 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 organized 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 realized 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 December 31, 2023, 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 behavior, 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, 2023.

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 organization – bringing together the concept (method, process, organizational chart) and the organizational 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 organisation 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 Bank 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 specialized 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 organization 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 specialized 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 unauthorized 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 CHF thousands)

	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

## Risk mitigants for loans and off-balance-sheet transactions

### Impaired loans

(in CHF thousands)

	Type of risk mitigant			Total
	Mortgage	Others	Unsecured	
<b>Loans (before impairment charges/reversals)</b>				
Amounts due from customers	706,622	823,812	2,246,678	3,777,112
Mortgages	19,087,184		10,939	19,098,123
- Residential real estate	15,526,752			15,526,752
- Office and business premises	1,263,948			1,263,948
- Commercial and industrial property	1,082,520			1,082,520
- Other	1,213,964			1,213,964
<b>Loans (before impairment charges/reversals)</b>				
Reporting year	19,793,806	823,812	2,257,617	22,875,234
Previous year	18,962,484	995,121	1,790,170	21,747,775
<b>Loans (after impairment charges/reversals)</b>				
Reporting year	19,698,047	718,880	2,257,617	22,674,544
Previous year	18,867,430	912,075	1,790,170	21,569,675
<b>Off-balance-sheet transactions</b>				
Contingent liabilities	14,220	14,267	184,828	213,315
Irrevocable commitments			225,214	225,214
Commitments relating to calls on shares and other equity securities			48,552	48,552
Confirmed credits				
<b>Off-balance-sheet transactions</b>				
Reporting year	14,220	14,267	458,594	487,081
Previous year	14,050	10,510	464,328	488,888

### Impaired loans

(in CHF thousands)

	Gross receivables	Realization value of risk mitigants*	Net receivables	Individual impairment charge/reversal
Reporting year	431,183	323,088	108,095	112,333
Previous year	314,091	229,466	84,625	88,825

\* Debt/realization 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 CHF thousands)

	Reporting year	Previous year
<b>Assets</b>		
<b>Trading portfolio assets</b>	<b>4,478</b>	<b>2,820</b>
Debt securities		
- Of which listed on a recognized stock exchange		
Equity securities	3,206	1,142
Commodities and precious metals	780	687
Other	492	991
<b>Total</b>	<b>4,478</b>	<b>2,820</b>
- Of which determined using a valuation model		
- Of which securities eligible for repurchase agreements in accordance with liquidity regulations		

No passive transactions as of December 31, 2023.

## Derivative financial instruments (assets and liabilities)

(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Value of underlying asset	Positive replacement value	Negative replacement value	Value of underlying asset
<b>Interest-rate instruments</b>						
- Swaps				56,331	46,988	3,000,000
<b>Foreign currencies and precious metals</b>						
- Forward contracts and swaps	3,029	2,853	157,633			
<b>Equity securities / indices</b>						
- Options (exchange traded)		2	200			
<b>Total before netting agreements:</b>						
Reporting 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
Previous year	2,974	2,740	206,166	103,032	59,953	3,032,000
- Of which determined using a valuation model				103,032	59,953	3,032,000
<b>Total after netting agreements:</b>	Positive replacement value			Negative replacement value		
<b>Reporting year</b>	<b>59,360</b>			<b>49,842</b>		
<b>Previous year</b>	<b>106,006</b>			<b>62,693</b>		

### Breakdown by counterparty:

	Central clearing houses	Banks and securities dealers	Other clients
<b>Positive replacement value (after netting agreements)</b>		56,543	2,817

## Financial investments

(in CHF thousands)

	Book value		Fair value	
	Reporting year	Previous year	Reporting year	Previous year
<b>Debt securities</b>	1,207,748	1,219,010	1,166,258	1,134,403
- Of which securities intended to be held until maturity	1,207,748	1,219,010	1,166,258	1,134,403
- Of which securities available for sale				
<b>Equity securities</b>	228,179	232,333	246,903	251,051
- Of which significant participations (minimum of 10% of capital or voting rights)				
<b>Precious metals</b>	780	780	9,169	8,906
<b>Real estate</b>	24,868	22,349	24,868	22,349
<b>Total</b>	<b>1,461,574</b>	<b>1,474,473</b>	<b>1,447,198</b>	<b>1,416,709</b>
- Including securities eligible for repurchase agreements in accordance with liquidity regulations	1,009,203	995,748		

## Counterparty breakdown

(in CHF thousands)

	Best quality	High quality	Average quality	Speculative	In default	not rated
<b>Debt securities: book value</b>	1,055,656	116,975	32,149	2,968		

## Participations

(in CHF thousands)

				Reporting year					
				Change in allocation	Investments	Divestments	Depreciation and write-offs	Value adjustments in case of equity method / reversal of depreciation	Book value at year-end
<b>Other participations</b>	Cost	Accumulated depreciation and write-offs	Book value at year-end						Market value
- Listed			0						0
- Unlisted	89,567	-24,794	64,774		906				65,680
<b>Participations total</b>	<b>89,567</b>	<b>-24,794</b>	<b>64,774</b>		<b>906</b>				<b>65,680</b>

## Compagnies in which the bank has a significant long-term direct or indirect holding

(in CHF thousands)

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	369	30.7	32.6	30.7	0
BCF SICAV, 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 53,552 million, compared with CHF 53,253 million at book value. The difference in value of CHF 0.299 million would therefore have a positive impact on the Bank's earnings (CHF 3,141 million in 2022). 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 CHF thousands)

	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	174,678	-117,451	57,227		4,520		-2,646		59,100
Other real estate	12,788	-9,865	2,923		1,411		-39		4,295
Computer programs separately acquired or internally developed	16,195	-10,156	6,040		8,011		-5,024		9,027
Other tangible fixed assets	6,746	-4,188	2,558		822		-1,343		2,037
Tangible fixed assets	210,407	-141,660	68,747		14,764		-9,052		74,459

## Other assets and liabilities

(in CHF thousands)

	Other assets		Other liabilities	
	Reporting year	Previous year	Reporting year	Previous year
Offset accounts			9,520	43,313
Order accounts	3,333	3,830	2,567	3,137
Coupons / coupons and securities due			462	18
Indirect taxes	2,260	2,212	8,592	2,041
<b>Total</b>	<b>5,593</b>	<b>6,042</b>	<b>21,140</b>	<b>48,509</b>

## Assets pledged or assigned as collateral for own liabilities\*

(in CHF thousands)

	Amount or book value of pledge	Real liability
Total assets pledged or assigned		
Securities deposited as collateral for SNB Lombard loan	59,018	0
Mortgage-backed securities to cover claims pledged to the Pfandbriefzentrale Schweizer Kantonalbanken	5,642,395	4,472,000
Guarantee account with the SNB to cover irrevocable commitments to esisuisse	40,805	81,610

\* Without securities financing transactions (see separate breakdown of related transactions on page 70).

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

(in CHF thousands)

	Reporting year	Previous year
Amounts due in respect of client deposits	57,461	45,000
Cash bonds	3,000	3,000
<b>Total</b>	<b>60,461</b>	<b>48,000</b>

## Economic situation of own occupational pension funds

(in CHF thousands)

Economic benefit/liability and pension expenses	Economic share of the bank / financial group		Change in the economic share compared to the previous year (economic benefit / commitment)	Contributions paid for reporting year	Pension costs in personnel expenses	
	Surplus / deficit at reporting year end	Reporting year	Previous year		Reporting year	Previous year
Pension plans with no surplus or shortfall				8,863	8,863	8,037

The assessment is based on the annual financial statements of the pension fund as at 31.12.2022. As of 31.12.2022, the coverage ratio of the Pension Fund is over 100%. Further information is provided on page 59 under «Pension liabilities».



## Outstanding bonds

(in CHF thousands)

Year of issue	Rate in %	Reimbursement	Nominal value
2014	1.250	03.06.2024	150,000
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
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
2022	0.3126	02.02.2032	140,000
2019	0.100	01.11.2044	255,000
<b>Total reporting year</b>			<b>2,835,000</b>
<b>Total previous year</b>			<b>2,885,000</b>

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

## Bonds and mortgage-backed bonds

(in CHF thousands)

<b>Total reporting year</b>	<b>4,472,000</b>
<b>Total previous year</b>	<b>4,349,000</b>

## Provisions, reserves for general banking risks and variation during reporting year

(in CHF thousands)

	Status at end of previous year	Used as allocated	Changes in scope	Currency translation differences	Recoveries, overdue interest	New provisions changed to income statement	Releases credited to income statement	Status at end of reporting year
Provisions for credit risks	1,991					7,325		9,316
Provisions for other operating risks	100							100
Other provisions	8,101	-198				1,747		9,650
<b>Total provisions</b>	<b>10,192</b>	<b>-198</b>				<b>9,072</b>		<b>19,066</b>
<b>Reserves for general banking risks</b>	<b>667,000</b>					<b>52,000</b>		<b>719,000</b>
<b>Provisions for credit risk and country risk</b>	<b>179,251</b>	<b>-1,307</b>				<b>24,814</b>	<b>-1,185</b>	<b>201,574</b>
- Of which provisions for impaired loans	88,825	-1,307				24,814		112,333
- Of which provisions for non-impaired loans	90,426						-1,185	89,241

## Share capital

(in CHF thousands)

	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 *	94,500		540,396	572,080
Affiliated companies *	279,039	165,533	97,619	126,159
Governing cases **	22,180	20,904	10,554	9,690
Other related parties *			60,461	48,000

## Receivables and commitments with respect to related parties

(in CHF thousands)

	Receivable		Commitment	
	Reporting year	Année précédente	Reporting year	Année précédente
Affiliated companies *			748	1,198
Governing cases **			16	12

\* 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 CHF thousands)

				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		3,265,846	40,805						3,306,651
Receivables from banks		126,364		88,118	49,965				264,447
Amounts due from securities financing transactions									0
Amounts due from customers		14,798	875,032	567,618	420,552	1,258,024	539,474		3,675,499
Mortgage loans		14,994	2,817,580	818,727	1,435,757	8,642,632	5,269,355		18,999,045
Trading portfolio assets		4,478							4,478
Positive replacement value of derivative financial instruments		59,360							59,360
Financial investments		294,644			162,789	475,853	503,419	24,868	1,461,574
Total	Reporting year	3,780,485	3,733,416	1,474,463	2,069,064	10,376,509	6,312,249	22,868	27,771,054
Total	Previous year	3,998,273	2,458,829	1,722,886	2,035,119	9,904,706	7,009,812	22,349	27,151,975
Foreign funds / Financial instruments									
Due to banks		41,165			130,000	632,000	585,000		1,388,165
Repurchase agreements									
Amounts due in respect of client deposits		3,498,635	7,993,052	1,326,805	936,634	1,791,400	602,247		16,148,774
Negative replacement value of derivative financial instruments		49,842							49,842
Cash bonds				3,789	39,468	265,665	49,392		358,314
Bonds and mortgage-backed bonds				72,000	441,000	3,365,000	3,429,000		7,307,000
Total	Reporting year	3,589,642	7,993,052	1,402,594	1,547,102	6,054,065	4,665,639		25,252,095
Total	Previous year	4,599,155	8,355,590	537,914	552,200	5,316,905	5,399,971		24,761,735

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

### Contingent liabilities

(in CHF thousands)

	Reporting year	Previous year
Credit hedging commitments	779	295
Bid guarantees	212,535	202,378
<b>Total contingent liabilities</b>	<b>213,315</b>	<b>202,673</b>

### Fiduciary transactions

(in CHF thousands)

	Reporting year	Previous year
Fiduciary investments with third parties	0	0

### Net trading income

(in CHF thousands)

	Reporting year	Previous year
Securities transactions / realized and unrealized income	-8	-74
Currencies	10,731	10,788
Precious metals	175	194
<b>Net trading income</b>	<b>10,898</b>	<b>10,908</b>

### Disclosure of significant refinancing income under interest and discount income and significant negative interest

(in CHF thousands)

	Reporting year	Previous year
<b>Negative interest</b>		
Negative interest on active operations (reduction of interest income)	-2	-2,809
Negative interest on passive operations (reduction of interest expenses)	0	3,818

### Personnel costs

(in CHF thousands)

	Reporting year	Previous year
Fixed and variable compensation	54,738	50,178
Employee benefits / Contribution to staff pension funds	24,078	17,726
Other personnel expenses	2,571	2,639
<b>Total personnel costs</b>	<b>81,388</b>	<b>70,543</b>

## Other operating expenses

(in CHF thousands)

	Reporting year	Previous year
Premises	5,384	4,465
IT and communication costs	21,836	20,509
Machinery, furniture and vehicles costs	323	172
Auditor fees	372	395
- Of which for financial and prudential audits	368	350
- Of which for other services	4	45
Other operating expenses	17,358	17,408
<b>Total other operating expenses</b>	<b>45,272</b>	<b>42,949</b>

## Comments on significant losses and extraordinary income

(in CHF thousands)

	Reporting year	Previous year
<b>Extraordinary income</b>	<b>0</b>	<b>0</b>
<b>Extraordinary expenses</b>	<b>0</b>	<b>0</b>

## Taxes and payments to Fribourg communities

(in CHF thousands)

	Reporting year	Previous year
<b>Payments to Fribourg communities</b>		
Cantonal, municipal and parish taxes	10,762	7,604
Compensation for cantonal guarantee	44,500	46,000
Remuneration of the endowment capital	11,000	11,000
Extraordinary payment to the State	19,500	-
<b>Total</b>	<b>85,762</b>	<b>64,604</b>
<b>Weighted average tax rate *</b>	<b>38.24%</b>	<b>37.18%</b>
<b>Tax payment details</b>		
Cantonal taxes	5,764	4,238
Municipal taxes	4,508	3,016
Parish taxes	490	350
<b>Total paid taxes</b>	<b>10,762</b>	<b>7,604</b>
<b>Weighted average tax rate *</b>	<b>4.80%</b>	<b>4.38%</b>

\* Based on operating profit





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

Geneva, 21 March 2024

## 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 2023, 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 2023 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. Advances to customers amounted to CHF 22.7 bn at 31 December 2023, an increase of CHF 1'105 m or 5.12% compared to 31 December 2022, and represent 81% of the Bank's balance sheet total.

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 General Management. 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 62 and following of the notes to the financial statements.

The amounts of value adjustments are shown on page 71 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

<b>Risk</b>	<p>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.</p> <p>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.</p> <p>The amounts of these value adjustments are the subject of an internal procedure presented on page 62 and the amounts are presented on page 71 of the notes to the annual accounts.</p>
<b>Our audit response</b>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> <li>▪ verification of the determination of the amount of the value adjustments for latent risk;</li> <li>▪ review of the loss rates applied to the rating classes and the underlying assumptions.</li> </ul> <p>Our audit procedures did not give rise to any reservations regarding the assessment of the latent risk of default</p>



### 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.



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#### **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.

Furthermore, we confirm that the proposed appropriation of available earnings 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



Didier Müller  
(Qualified Signature)

Licensed audit expert  
(Auditor in charge)



Matthieu Siffert  
(Qualified Signature)

Licensed audit expert

## Equity and liquidity as of 31 December 2023

### Key regulatory figures

(in CHF thousands)

	31.12.2023	30.06.2023	31.12.2022
<b>Equity taken into account (CHF)</b>			
1 Common equity tier 1 (CET1)	2,499,146	2,360,650	2,360,650
2 Tier 1 Capital (T1)	2,499,146	2,360,650	2,360,650
3 Total equity	2,508,462	2,362,925	2,362,642
<b>Risk-weighted assets (RWA) (CHF)</b>			
4 RWA	13,309,961	12,932,922	12,765,911
4a Tier 1 Capital (T1)	1,064,797	1,034,634	1,021,273
<b>Risk-based capital ratios (as % of RWA)</b>			
5 CET1 Ratio (%)	18.78%	18.25%	18.49%
6 Core capital ratio (%)	18.78%	18.25%	18.49%
7 Total capital ratio (%)	18.85%	18.27%	18.51%
<b>CET1 requirements (as a % of RWA)</b>			
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) (%)	10.85%	10.27%	10.51%
<b>Target capital ratios according to Appendix 8 of the OFR (in % of RWA)</b>			
12a Equity ratio according to Appendix 8 OFR (%)	4.00%	4.00%	4.00%
12b Countercyclical capital buffer (Art. 44 and 44a OFR) (%)	1.14%	1.15%	1.12%
12c CET1 target ratio (in %) according to Appendix 8 of the OFR increased by the countercyclical buffers according to Articles 44 and 44a OFR	8.94%	8.95%	8.92%
12d T1 target ratio (in %) according to Appendix 8 of the OFR increased by the countercyclical buffers according to Articles 44 and 44a OFR	10.74%	10.75%	10.72%
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	13.14%	13.15%	13.12%
<b>Basel III leverage ratio</b>			
13 Global commitment (CHF)	28,379,130	28,027,959	27,721,986
14 Basel III leverage ratio (core capital as % of total commitment)	8.81%	8.42%	8.52%
<b>Liquidity ratio (LCR)</b>			
15 LCR numerator: sum of high quality liquid assets (CHF)	4,129,627	4,152,846	4,390,510
16 LCR denominator: net cash outflow (CHF)	1,822,713	2,118,683	2,311,250
17 Liquidity ratio, LCR (in %)	227%	196%	190%
<b>Funding ratio (NSFR)</b>			
18 Stable available refinancing (in CHF)	24,434,356	24,423,501	24,008,507
19 Stable refinancing required (in CHF)	18,449,554	18,026,587	17,268,498
20 Funding ratio, NSFR (in %)	132%	135%	139%



## Overview of risk-weighted assets (RWA)

(in CHF thousands)

	RWA 31.12.2023	RWA 30.06.2023	Minimum equity 31.12.2023
1 Credit risk (without CCR - counterparty credit risk)	12,433,025	12,111,116	994,642
2 Of which determined by the standard approach (SA)	12,433,025	12,111,116	994,642
6 Counterparty credit risk CCR	6,777	9,700	542
7b Of which determined by the market value method	6,777	9,700	542
10 Risk of change in value of derivatives (CVA)	8,074	14,240	646
13 Investments in collectively managed investments - mandate-based approach	188,244	187,519	15,060
14 Investments in pooled investments - fallback approach	37,527	13,391	3,002
20 Market risk	6,492	6,499	519
21 Of which determined according to the standard approach	6,492	6,499	519
24 Operational risk	629,820	590,457	50,386
27 Total	13,309,961	12,932,922	1,064,797

## Table - statistics

### Overview of some balance sheet items and annual results from 2013 to 2023

(in CHF thousands)

	Commitments to customers in the form of savings and investments	Other com- mitments 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 municipal- ities and parishes	Balance Sheet sum
2012	5,726,338	5,503,588	286,291	2,901,558	11,070,394	113,346	753,000	45,100	8,890	16,271,192
2013	5,899,583	5,502,905	237,379	3,123,945	12,182,783	118,884	831,000	48,900	8,605	17,664,901
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

## Board of Directors Appendix

### Professional career



**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 and is currently the Chairman of the Board of Directors, with no operational function. Alex Geissbühler is Chairman of the Foundation Board of the Banque Cantonale de Fribourg Foundation and Chairman of the BCF Compensation Committee.



**Urs Peter Gauch** has a degree in economics and has completed 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 Foundation Board of the Banque Cantonale de Fribourg Foundation.



**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 recognized 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 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.

### Other activities

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.

Chairman of the Board of Directors of Fundamenta Group Holding AG and its subsidiaries and of Metalcolor AG. Member of the Board of Directors of HRS AG, as well as various other mandates.

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.

Chairman of the Board of Directors of EdgEvoq Holding SA and Evoq SA in Fribourg and member of the Board of the BAY Foundation.

## Professional career



**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.

## Other activities

Chairman of the Boards of Directors of axalta Fiduciaire SA and its group companies, as well as of various SMEs. Member of the Digitalization Commission of EXPERTsuisse.



**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 Committee.

Founder of Insomnihack, Swiss cybersecurity conference. Member of the organizing committee of several cybersecurity conferences: Blackalps in Yverdon, Swiss Cyber Hub in Fribourg, Global Security Days in Paris. ISO 27001 Lead Auditor and project management professional since 2011. Member of the Board of Directors of EdgEvoq Holding SA and Evoq 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 the Latin Conference of Digital Directors.

## Executive Management Appendix

### Professional career

### Other activities



**Daniel Wenger** is an ESCEA Management School business economist. Between 1988 and 2020, he held several senior positions at Credit Suisse. Daniel Wenger is Chairman of the Committee of the Staff Pension Fund of the Banque Cantonale de Fribourg and Chairman of the Board of Directors of BCF SICAV.

Member of the Board of Directors of the Union of Swiss Cantonal Banks. Vice-chairman of the Board of Directors of the fund management company 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.

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



**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.

## Other activities

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

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