

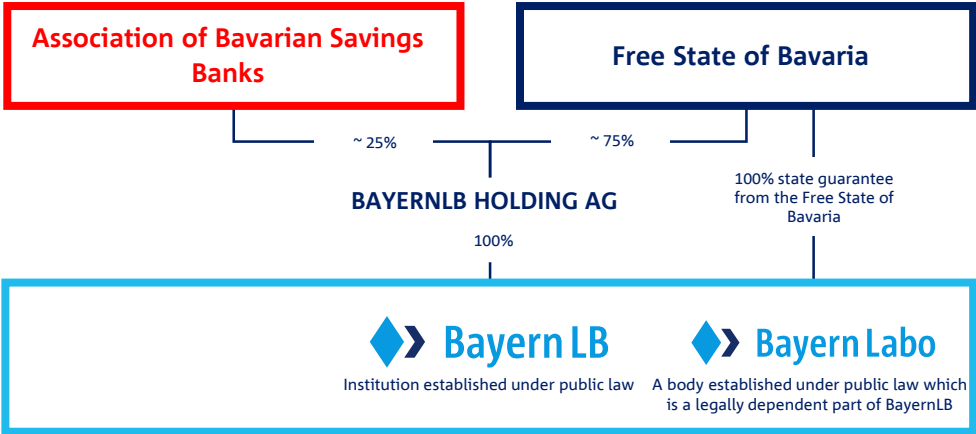
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# 2020 Annual Report

# BayernLabo

- ... is a legally dependent institution established under public law within BayernLB that is organisationally and financially independent.
- ... has, as a government housing policy body, the legal mandate to subsidise residential construction and urban development in Bavaria.
- ... conducts the Bavarian state and municipal loan business as the principal and municipal bank to the Free State of Bavaria.
- ... was founded in 1884 as Bayerische Landeskulturrentenanstalt and was renamed Bayerische Landesbodenkreditanstalt in 1949.

## BayernLabo in the BayernLB Group



# BayernLabo at a glance

## Income statement (HGB)

EUR million	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Net interest and net commission income	88	93
Administrative expenses	(75)	(60)
Operating profit/loss	15	26

## Balance sheet (HGB)

EUR million	31 Dec 2020	31 Dec 2019
Total assets	21,133	21,405
Credit volume	17,483	17,837
Liabilities (including issues)	13,586	13,929
Liabilities held in trust	5,238	5,083
Reported own funds	2,190	2,120

## Current rating

Moody's	2020	2019
Long-term rating	Aaa	Aaa
Short-term rating	P-1	P-1
Outlook	Stable	Stable

## New business


EUR million	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Loan and grant commitments	2,708	2,285
Number of homes and residential places subsidised	11,456	14,366

## Employees

Number	31 Dec 2020	31 Dec 2019
Total	271	248
Female	159	152
Male	112	96

# Our business structure

The subsidised loan business of Bayerische Landesbodenkreditanstalt (BayernLabo) in housing subsidies consists mainly of state-subsidised housing loans (fiduciary business) and loans granted via the KfW Group (KfW) and Landwirtschaftliche Rentenbank, and funded on the capital market then offered at a reduced rate of interest (proprietary business). As a municipal bank of the Free State of Bavaria, BayernLabo also supports Bavarian municipalities with tailored, traditional municipal loans and with their own development programmes in cooperation with KfW.

	
Subsidised housing	State and municipal loan business
<p><b>Target groups</b></p> <ul style="list-style-type: none"> <li>• Private individuals</li> <li>• Housing associations, municipalities and other investors</li> <li>• Home operators</li> <li>• Condominium owners' associations</li> </ul>	<p><b>Target groups</b></p> <ul style="list-style-type: none"> <li>• Bavarian municipal local authorities</li> <li>• Municipal special-purpose associations</li> <li>• School associations</li> <li>• Free State of Bavaria</li> </ul>
<p><b>Subsidy programmes for owner-occupied homes</b></p> <ul style="list-style-type: none"> <li>• Bavarian residential construction programme</li> <li>• Subsidies for structural adaptations to meet the needs of people with disabilities</li> <li>• Bavarian low interest rate loan programme</li> <li>• Home Ownership Subsidy/Baukindergeld</li> <li>• Condominium owners' associations</li> </ul> <p><b>Subsidy programmes for rental housing</b></p> <ul style="list-style-type: none"> <li>• Bavarian residential construction programme</li> <li>• Subsidies for structural adaptations to meet the needs of people with disabilities</li> <li>• Student housing subsidies</li> <li>• Municipal housing subsidy programme</li> <li>• Creation of energy-efficient rental housing</li> <li>• Bavarian modernisation programme</li> <li>• Condominium owners' associations</li> <li>• Residential units for people with disabilities</li> <li>• Own-liability transactions</li> </ul>	<p><b>Government loans</b></p> <p><b>Traditional municipal loans</b></p> <p><b>Subsidised municipal loans</b></p> <ul style="list-style-type: none"> <li>• Investkredit Kommunal Bayern (Bavarian municipal investment loan)</li> <li>• Energiekredit Kommunal Bayern (Bavarian municipal energy loan)</li> <li>• Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)</li> </ul>

### Programme overview

An overview of current

- programmes
- interest rates
- the application process

is available on the internet under [bayernlabo.de](http://bayernlabo.de) and can also be requested from the following:

### Information on housing subsidies

- for home ownership can be requested from the authorising bodies for housing subsidies at the district administration office or urban district (depending on the location of the subsidised property)
- for rental housing can be requested from the respective government or the City of Munich and the cities of Nuremberg and Augsburg
- for the municipal housing subsidy programme can be requested via the municipal loan hotline on +49 89 2171-22004
- for the modernisation of condominium owners' associations can be requested from BayernLabo on phone number +49 89 2171-23322
- can be requested from the Bayerisches Staatsministerium für Wohnen, Bau und Verkehr, Franz-Josef-Strauß-Ring 4, 80539 Munich ([www.wohnen.bayern.de](http://www.wohnen.bayern.de))

### Information on state and municipal loans

- via the municipal loan hotline on +49 89 2171-22004

All subsidised loans for housing (see above) must be applied for **before** construction starts from the authorising body responsible for the area. The activities may only be begun once approval has been granted or the authorising body has provided written consent that activities may begin or the contract may be concluded in advance. There is no legal entitlement to the subsidy.

# Contents

01 Subsidised housing at a glance	10
02 Subsidised rental housing in apartment buildings	17
03 Subsidisation of owner-occupied houses and flats	26
04 Subsidisation of condominium owners' associations	33
05 Subsidisation of facilities for people with disabilities	36
06 Other subsidies	39
07 State and municipal loan business	44
08 Financial report	53
09 Outlook	74
10 General information on BayernLabo	80
11 Notes	84

# Foreword



Dr Edgar Zoller

BayernLabo has a public mandate to provide support for measures to improve and upgrade the housing stock and settlement structure of Bavaria. As the municipal bank of the Free State of Bavaria it helps Bavarian local authorities and public-sector special purpose associations to finance investment in general municipal and social infrastructure.

As in every sector, BayernLabo's financial year 2020 was marked by the coronavirus pandemic. There were both positive and negative impacts, which ultimately resulted in a 19 percent increase in state-subsidised business to EUR 2.7 billion. A total of 11,456 homes and places in residences were subsidised.

While loan and grant commitments for rental housing were on par with the previous year, housing subsidies for home ownership (not including Bavarian Home Ownership Subsidy and Bavarian Baukindergeld Plus) were down 15 percent year on year. The reason for this is probably that people have put off buying their own home because of the uncertain situation on the labour market created by the lockdown restrictions.

The very good earnings in the state and municipal loan business offset the decline in housing subsidies. A drop in demand mainly in traditional municipal lending was initially predicted in the local election year 2020. However, the coronavirus-related impact on municipalities' liquidity (such as huge trade tax deficits) led to a sharp increase in demand for municipal loans from mid-March.

The processing of the Bavarian Home Ownership Subsidy and Bavarian Baukindergeld Plus commissioned by the Free State of Bavaria posed another major challenge, but swiftly adapting its work processes to the pandemic enabled BayernLabo to process more than twice as many applications for grants than in the previous year.

A handwritten signature in blue ink, appearing to read 'E. Zoller', written in a cursive style.

Dr Edgar Zoller  
Deputy CEO  
of Bayerische Landesbank

# Foreword



Kerstin Schreyer

Housing is the social issue of our time. My focus is to ensure that people in Bavaria are free to choose where they want to live, regardless of their stage of life, their income or their job.

We therefore invest a great deal in building new homes to rent or buy and places in residences for people with disabilities and students. But we are also a driving force when it comes to modernising homes for rent and are equally focused on subsidising the purchase of homes to make it easier for people to acquire residential property. Bayerische Landesbodenkreditanstalt and the authorising bodies are important partners in this endeavour. In 2020, subsidies were provided for 4,374 owner-occupied houses and flats, 5,974 rental homes and 689 places in residences. I would like to offer my sincere thanks for this great result!

Of course, subsidising residential construction only goes a short way towards solving the housing issue. But for many of our citizens with less well paid jobs, state housing construction is essential. That is why I also advocate for better conditions for investment in private-sector residential construction. Following Bavaria's efforts at national level over many years, the temporary special depreciation regulation for construction of rental homes came into force in August 2019. But following on from this we need a permanent regulation on declining balance depreciation.

And we're on the right track, which is evident from the statistics on building activity. In 2020, 77,743 residential building permits were granted in Bavaria, which was the highest number since 1998. The authorities evidently managed to remain fully functional in this area despite coronavirus. I am pleased about that, as tackling the housing issue now and in the future primarily means building, building, building!

I look forward to continuing our close cooperation and thank all those responsible at BayernLabo for their great dedication!

Yours,

A handwritten signature in blue ink, consisting of a stylized 'K' and 'S' followed by a long horizontal flourish.

Kerstin Schreyer, MdL (member of the state parliament)  
Bavarian State Minister of Housing, Construction and Transport  
(Bayerische Staatsministerin für Wohnen, Bau und Verkehr)





Albert Füracker

The coronavirus pandemic changed all of our lives. Working at home and “staycations” meant that their home became more of a priority for many people. Whether you own or rent your home – your own four walls are both a private retreat and a domain where you can develop freely as an individual.

At the same time, it is getting harder and harder to find sufficient and affordable living space, especially in urban areas. This and the vital role of our home for our daily lives makes housing one of the key social issues of our time.

Subsidised housing is therefore a core focus of the Bavarian State Government, which once again provided considerable financial incentives to support affordable housing in 2020. As a development bank with a mandate from the construction ministry, BayernLabo is responsible for executing the subsidy schemes and as such it ensures that living space is created and the housing shortage is remedied.

The subsidies from state funds remained consistently high in 2020. Together with the higher federal funds, the approval limit for housing subsidies increased to a total of approximately EUR 660 million. Taking into account the municipal subsidised housing programme of EUR 150.0 million and the student housing subsidy of EUR 32.5 million, the available funds totalled EUR 843 million in 2020.

Once again, in 2020 BayernLabo thus played a major role in creating affordable housing and helped make the dream of a happy home come true for numerous residents.

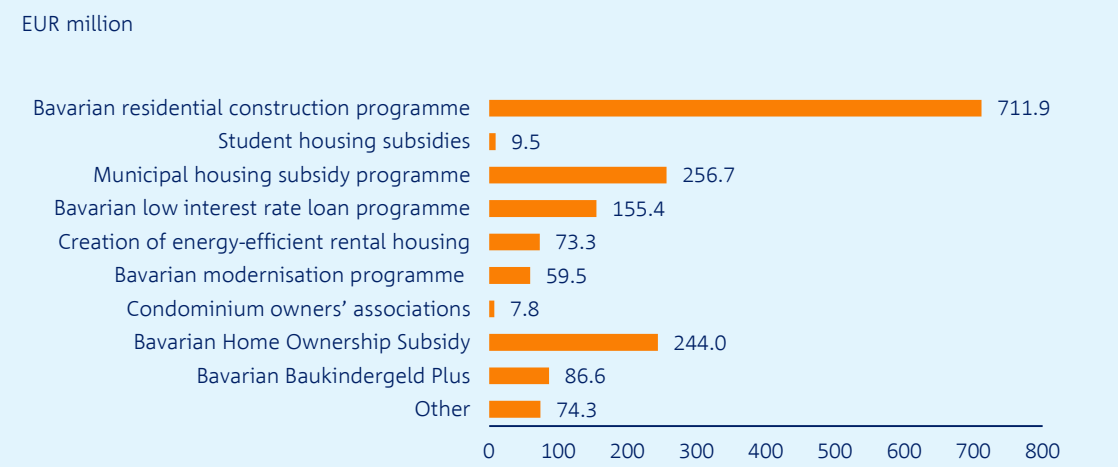
Albert Füracker, MdL (member of the state parliament)  
Bavarian State Minister of Finance and Regional Identity  
(Bayerischer Staatsminister der Finanzen und für Heimat)

A decorative graphic consisting of two overlapping triangles. The left triangle is blue and points downwards. The right triangle is orange and points upwards. They meet at a central point.

# 01 Subsidised housing at a glance

# Subsidised housing at a glance

## Loan and grant commitments in financial year 2020



In 2020 BayernLabo approved a total of EUR 1,679.0 million (FY 2019: EUR 1,547.1 million) in loans and grants for subsidised housing.

In the Bavarian residential construction programme, amortising loans in the fiduciary business shrank to EUR 380.4 million (FY 2019: EUR 440.9 million) and conditionally non-repayable loans to EUR 33.3 million (FY 2019: EUR 34.5 million). Internally funded loans of EUR 140.0 million (FY 2019: EUR 136.9 million) were approved. In addition, investment grants from public funds of EUR 158.2 million (FY 2019: EUR 169.2 million) were authorised. The total committed volume of EUR 711.9 million was down EUR 69.6 million or 8.9 percent on the year before. This was used to subsidise the construction of 8,027 homes and places in residences, 3,462 of which were rental homes, 4,149 owner-occupied homes and 416 places in residences.

Loans of EUR 9.5 million (FY 2019: EUR 38.0 million) from the Free State of Bavaria were approved to subsidise student accommodation. The loans are interest-free and non-repayable providing they are properly occupied. These funds subsidised the construction and conversion of 273 places in halls of residence (FY 2019: 1,170 places) for students.

In the municipal subsidised housing programme, BayernLabo increased the subsidies approved year on year by 12.3 percent and EUR 28.2 million to a total of EUR 256.7 million (FY 2019: EUR 228.5 million), with EUR 117.3 million (FY 2019: EUR 110.3 million) coming from internally funded BayernLabo loans and EUR 139.4 million (FY 2019: EUR 118.2 million) from investment grants from public funds. This subsidised 1,233 rental homes (FY 2019: 1,055).

Photo on next page:  
 Student hall of residence, Erlangen, Germany  
 Contractor: Studentenwerk Erlangen-Nürnberg, Germany  
 Planner and photo: scherzer . kalau . architekten partnerschaft mbb, Erlangen, Germany





Under the Bavarian low-interest loans programme, BayernLabo approved funding of EUR 155.4 million, which fell short of the volume of approvals in the previous year (a drop of 11.1 percent or EUR 19.5 million). 48.0 percent of the loans or EUR 75.1 million were committed with a 15-year interest rate lock-in period. A volume of EUR 66.4 million (FY 2019: EUR 92.2 million) was approved in loans with a 30-year fixed interest rate and full amortisation over the same period. The 10-year fixed-interest option only played a minor role with approvals of EUR 13.9 million. In total, loans for 1,330 owner-occupied homes were approved. This included 1,105 homes in the Bavarian residential construction programme.

In addition to subsidies for rental housing under the Bavarian residential construction programme, BayernLabo promoted the creation of energy-efficient rental homes in 2020 by providing fixed-term low-interest loans. In the reporting period it provided subsidies for 790 (FY 2019: 156) rental homes with a volume of EUR 73.3 million (FY 2019: EUR 15.6 million).

The volume approved under the Bavarian modernisation programme climbed to EUR 59.5 million (FY 2019: EUR 39.0 million); internally funded BayernLabo loans accounted for EUR 54.1 million (FY 2019: EUR 35.3 million) and investment grants from public funds for EUR 5.4 million (FY 2019: EUR 3.7 million). The funds supported the construction and the modernisation and overhauling of 819 (FY 2019: 662) rental homes and no (FY 2019: 187) places in residences.

In 2020, low-interest association loans for construction activities to modernise, overhaul and upgrade the energy efficiency of the joint property were granted to condominium owners' associations. In the reporting period BayernLabo provided subsidised loans to 484 (FY 2019: 1,417) owners with a volume of EUR 7.8 million (FY 2019: EUR 7.8 million).

In 2020, 24,404 (FY 2019: 10,351) applications for the Bavarian Home Ownership Subsidy were approved with a volume of EUR 244.0 million (FY 2019: EUR 103.5 million).

Under Baukindergeld Plus 16,285 (FY 2019: 7,577) decisions were approved with a volume of EUR 86.6 million (FY 2019: EUR 40.3 million).

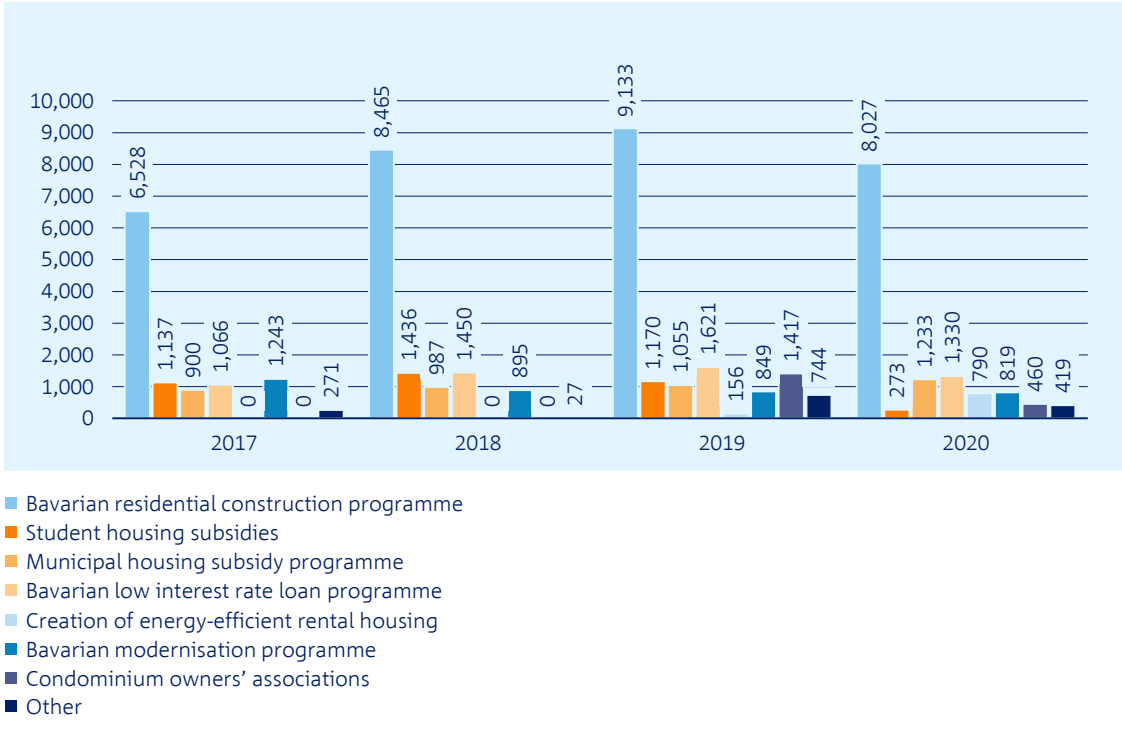
Compared to the previous year, (EUR 32.6 million) commitments under BayernLabo's own liability fell to EUR 20.5 million.

Furthermore, 169 (FY 2019: 443) rental homes were supported with subsidised loans for people on low incomes to live in their own home in the amount of EUR 36.0 million (FY 2019: EUR 72.2 million) and grants of EUR 2.9 million (FY 2019: EUR 8.5 million).

In addition to the Bavarian modernisation programme, in 2020 loans of EUR 14.6 million (FY 2019: EUR 4.6 million) were approved for modernising and updating 250 (FY 2019: 32) public sector workers' flats (leasehold flats).

In 2020, loans of EUR 0.2 million (FY 2019: EUR 0.1 million) were refinanced into BayernLabo's own liabilities.

**Subsidised homes and places in residences (including combined subsidy)**



## Loan commitments

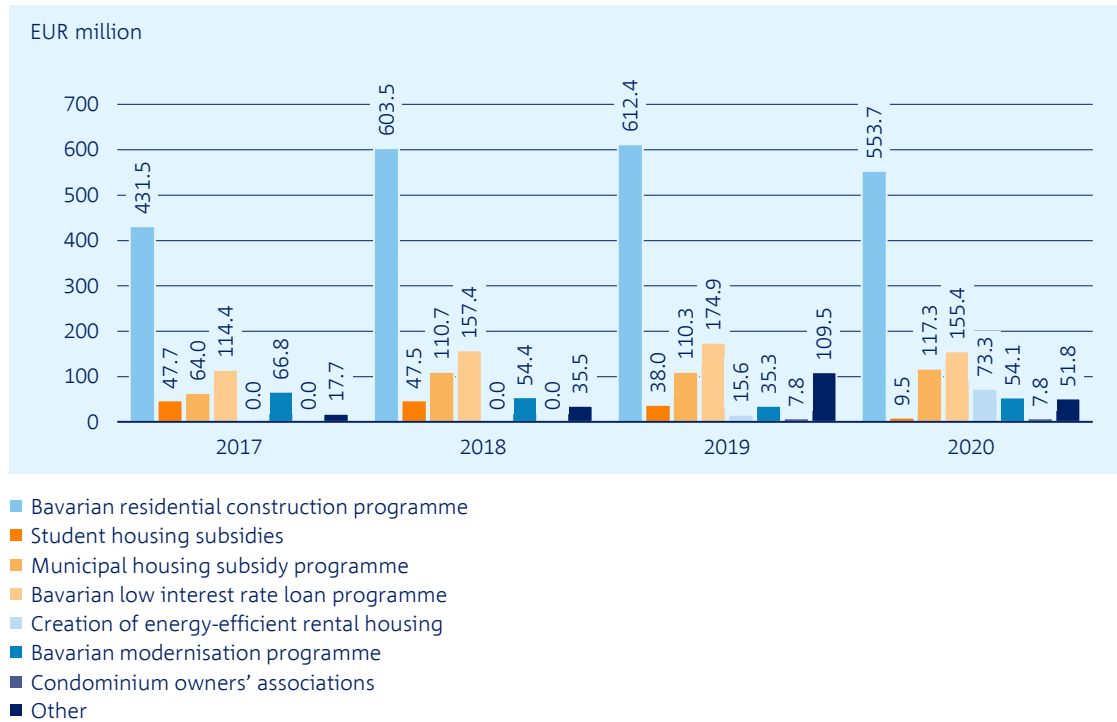


Photo on next page:  
 Construction of new rental homes, Bayreuth, Germany  
 Contractor: GBW – Gemeinnützige Bayreuther Wohnungsbaugenossenschaft eG  
 Planner: Architekturbüro Ellmer & Ellmer GmbH, Bayreuth, Germany  
 Photo: Silvia Asadi, Government of Upper Franconia (Regierung von Oberfranken)







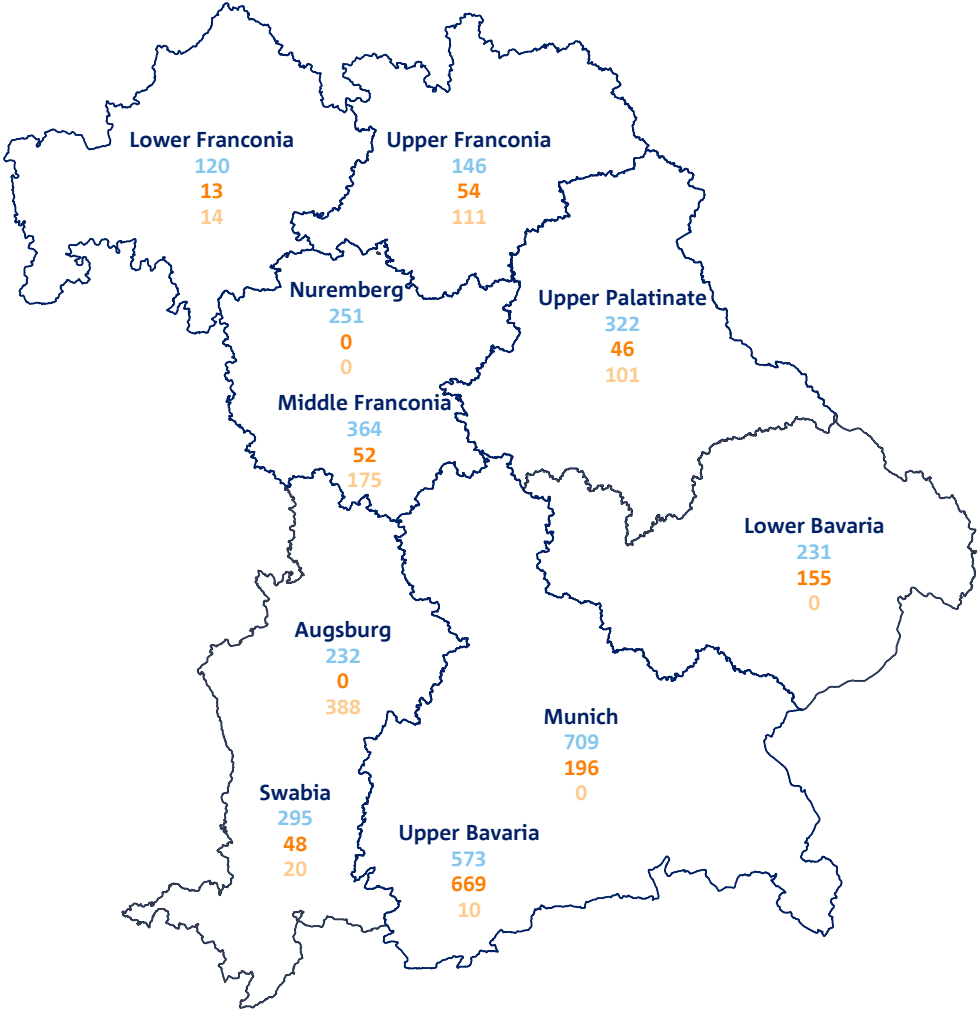
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## 02 Subsidised rental housing in apartment buildings

# Subsidised rental housing in apartment buildings

The financing of rental housing in apartment buildings was supported, in 2020 as in the preceding years, through the Bavarian residential construction programme and with the municipal subsidised housing programme. In addition, low-interest capital market loans were granted as part of the Bavarian modernisation programme. A total of 5,295 rental homes were subsidised, which were distributed across the individual regions as follows:

Rental homes (without structural adaptation) subsidised in 2020



- Bavarian residential construction programme
- Municipal housing subsidy programme
- Bavarian modernisation programme



Construction of a new apartment building in Landshut, Germany  
 Contractor: Elmar Mückenhausen, Gangkofen, Germany  
 Planner: Architekturbüro Stadler, Arnsdorf, Germany  
 Photo: Georg Huber, Government of Lower Bavaria (Regierung von Niederbayern)

#### State-subsidised business with rental homes (without structural adaptation)

	2020			2019		
	Loans in EUR million	Grants in EUR million	Number of homes	Loans in EUR million	Grants in EUR million	Number of homes
<b>Bavarian residential construction programme</b>						
Income-based subsidies (IBS)						
New builds	441.5	69.3	3,224	465.2	77.8	3,727
Expenditure-based subsidies (EBS)						
New builds	1.7	0.3	13	8.7	1.0	48
Modifications to buildings and residential space	0.3	0.1	6	–	–	–
<b>Municipal housing subsidy programme</b>	<b>117.3</b>	<b>139.4</b>	<b>1,233</b>	<b>110.3</b>	<b>118.2</b>	<b>1,055</b>
<b>Bavarian modernisation programme</b>	<b>54.1</b>	<b>5.4</b>	<b>819</b>	<b>20.0</b>	<b>3.0</b>	<b>662</b>
<b>Total</b>	<b>614.9</b>	<b>214.5</b>	<b>5,295</b>	<b>604.2</b>	<b>200.0</b>	<b>5,492</b>

### Bavarian residential construction programme – income-based subsidies (IBS)

Subsidisation of rental homes consists of a basic subsidy and an additional subsidy.

The basic subsidy in the form of loans establishes occupancy rights for rental housing in apartment buildings, whereby the rent should be at the lower end of the local rent spectrum for first-time lets of new builds. As well as construction of apartment buildings, first-time purchases are also permitted. The residential building must satisfy the provisions of the subsidised housing loans programme 2012, be a new build and be occupied for the first time.

The additional subsidy in the form of grants approved and disbursed by the district administration offices or urban districts provides the tenant with relief on their living costs in excess of the rent they can reasonably be expected to pay.

The basic subsidy consists of a property-based and an occupancy-based loan.

The property-based loan was granted at an interest rate of 0.50 percent in the reporting year and with a 25-year occupancy commitment amounted to a subsidised residential area of up to EUR 1,100/m<sup>2</sup>. This loan amount increased by up to 35 percent for homes particularly worthy of subsidisation.

The occupancy-based loan was subject to interest of 1.75 percent (25-year fixed rate) in the reporting year. This helps ensure that the current interest income covers the grant amounts that have to be provided for the additional subsidy to the tenants. The loan amount thus also depends on the occupancy structure for the subsidised property agreed between the landlord and the authorising body.

As an alternative to the 25-year rent control and occupancy commitment, a 40-year option is also on offer. This protects the tenants and provides planning certainty for the contractor, as the favourable terms of the subsidy are locked in for 40 years.

Since interest rates are so low, grants are awarded as an incentive to build new social housing. Each square metre of subsidised residential space qualifies for an additional grant of up to EUR 300.

### Bavarian residential construction programme – expenditure-based subsidies (EBS)

In addition to the income-based subsidy, an additional expenditure-based subsidy is available.

The amount of the subsidy is not linked directly to the costs but to the economic result from the statement of income and expenditure. This enables the subsidy to provide adequate funding, particular in rural areas. An interest rate of 0.50 percent is charged on the subsidised loan. Under the expenditure-based subsidy, an additional grant of up to EUR 300/m<sup>2</sup> is granted.

#### State-subsidised business under the Bavarian residential construction programme – IBS and EBS

EUR million	2020	2019
<b>Income-based subsidies (IBS)</b>		
Property-based loans	248.5	250.8
Occupancy-related loans	193.0	214.4
<b>Expenditure-based subsidies (EBS)</b>		
Building loans	2.0	8.7
<b>Total loans</b>	<b>443.5</b>	<b>473.9</b>
<b>Number of subsidised homes – total</b>	<b>3,243</b>	<b>3,775</b>

### Loan programme to create energy-efficient rental housing (EERH)

In addition to subsidies for rental housing, BayernLabo promotes the creation of energy-efficient rental homes in by providing fixed-term low-interest loans. Subsidies are provided for the creation of rental housing through new builds, modification or expansion of buildings and the purchase of newly built rental housing for first-time occupancy. In the reporting year BayernLabo subsidised 790 (FY 2019: 156) rental homes with loans of EUR 73.3 million (FY 2019: EUR 15.6 million).

#### State-subsidised business in creation of energy-efficient rental housing

	2020	2019
Loans in EUR million	73.3	15.6
Number of subsidised homes – total (already included in IBS/EBS)	790	156

Photo on next page:

Construction of new rental homes, Neu-Ulm, Germany

Contractor: City of Neu-Ulm

Planner: eap Architekten . Stadtplaner PartGmbB, Munich, Germany

Photo: Florian Schreiber Fotografie, Munich, Germany





## The municipal housing subsidy programme – KommWFP

With the municipal housing subsidy programme, the Free State of Bavaria, in cooperation with BayernLabo, supports the municipalities to plan and build housing in their own right. The programme enables municipalities to create affordable housing for low-income households themselves by building new homes and converting, modernising and purchasing newly built properties. The KommWFP gives the cities and municipalities a great degree of freedom.

In addition to the government grant of 30 percent of the investment costs (including purchasing the land), the programme offers optional subsidised loans from BayernLabo of up to 60 percent of the investment costs. With interest rate lock-ins and loan terms of up to 30 years, which are offered at a lower interest rate funded by the Free State of Bavaria's funds, the municipalities can calculate the costs until full amortisation based on the current historically low interest rate.

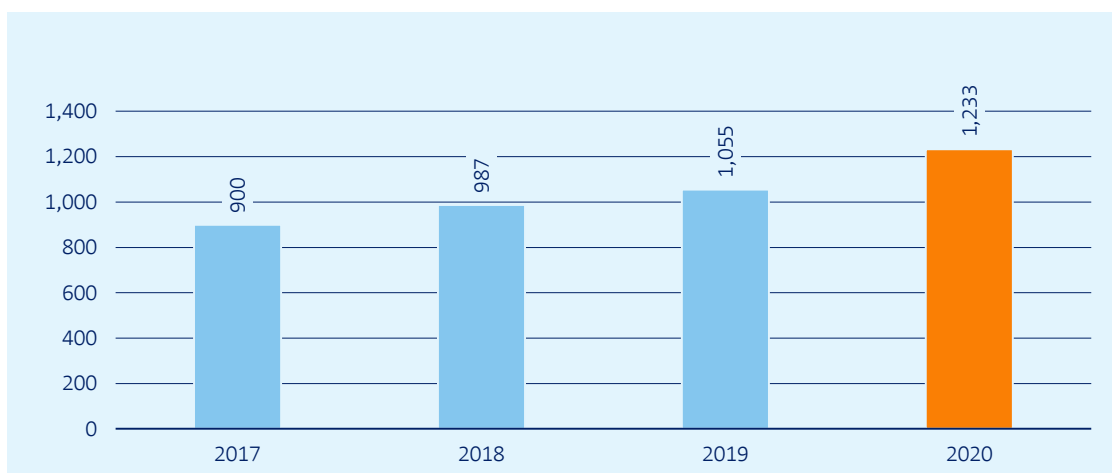
The interest rates offered in 2020 were considerably below the capital market rate, at 0.00 percent p. a. throughout for the 10 to 20-year fully amortising variant or 0.20 percent p. a. for the 30-year full amortisation.

The municipalities' own share amounts to only 10 percent of the investment costs and can be provided in the form of the building plot.

At EUR 117.3 million the volume of loans concluded in 2020 exceeded the high amount in the previous year (EUR 110.3 million) by 6.4 percent. The number of applications fell to 60 (FY 2019: 78). The grants awarded rose considerably to EUR 139.4 million (FY 2019: EUR 118.2 million).

Since the KommWFP was set up in 2016 it has subsidised 4,933 residential units. In 2019 the programme was initially extended for another four years to 31 December 2023. The Bavarian government has already passed a resolution extending this to 2025.

**KommWFP – subsidised homes**





## Bavarian modernisation programme

To promote the modernisation of rental housing and places in authorised residential care homes, BayernLabo grants loans for up to 100 percent of the costs eligible for subsidisation financed from its own funds and with the support of the KfW. The current interest rate can be found on bayernlabo.de. In addition a grant of up to EUR 100/m<sup>2</sup> of residential space is awarded (but no more than 20 percent of the entire subsidy amount).

The primary aims of the subsidy are to:

- Improve general living conditions
- Ensure socially compatible rent
- Adapt living space to the needs of the elderly
- Save energy and reduce the carbon footprint

In accordance with the subsidy directives, the subsidies for rental homes are tied to a 10 and 20-year occupancy commitment in the event the property is re-let. This affords households whose total income does not exceed the income limit in Art. 11 of the Bavarian subsidised housing act (Bayerisches Wohnraumförderungsgesetz) a general occupancy right. Existing tenancy agreements are grandfathered.

In 2020 BayernLabo cut the price of the already cheap KfW loans for energy-related retrofitting to 0.00 percent. Under certain conditions, an additional amortising grant may be awarded by KfW for promotion of energy-efficient construction activities. After ten years the interest rate is adjusted in line with the capital market. After two free years, the annual amortisation amounts to at least 1.5 percent plus interest saved.

### State-subsidised business under the Bavarian modernisation programme

	2020		2019	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
Bavarian modernisation programme	54.1	819	20.0	662

No places in authorised residential care homes (FY 2019: 187 care home places) were subsidised under the Bavarian modernisation programme (FY 2019: loans of EUR 15.3 million and grants of EUR 0.7 million).

When care home places are subsidised, the borrower must meet EU requirements on state aid. No occupancy commitment is planned here.

In addition, under the Bavarian modernisation programme BayernLabo provided EUR 4.2 million (FY 2019: EUR 8.5 million) for loans with a 20-year interest rate lock-in as part of an independent part of the programme for modernising housing (“Modernisieren Wohnen”).

Photo on next page:  
Modernisation of the housing development in Marconistrasse, Augsburg, Germany  
Contractor and planner: Wohnbaugruppe Augsburg Leben GmbH  
Photo: Stefan Fink, Augsburg, Germany







## **03 Subsidisation of owner-occupied houses and flats**



# Subsidisation of owner-occupied houses and flats

Building and purchasing new or purchasing of existing owner-occupied homes was subsidised under the Bavarian residential construction programme and as part of proprietary business via the Bavarian low interest rate loans programme.

BayernLabo bears the cost of discounted interest rates in proprietary business. With this BayernLabo makes a major contribution to the acquisition of residential property in Bavaria.

## State-subsidised business with own homes (without structural adaptation)

Number of homes	2020	2019
<b>Bavarian residential construction programme</b>		
New builds	402	620
Purchases	1,062	1,258
<b>Bavarian low interest rate loan programme</b>		
New builds – combined subsidy	296	453
Purchases – combined subsidy	809	901
New builds – individual subsidy	132	149
Purchases – individual subsidy	93	118

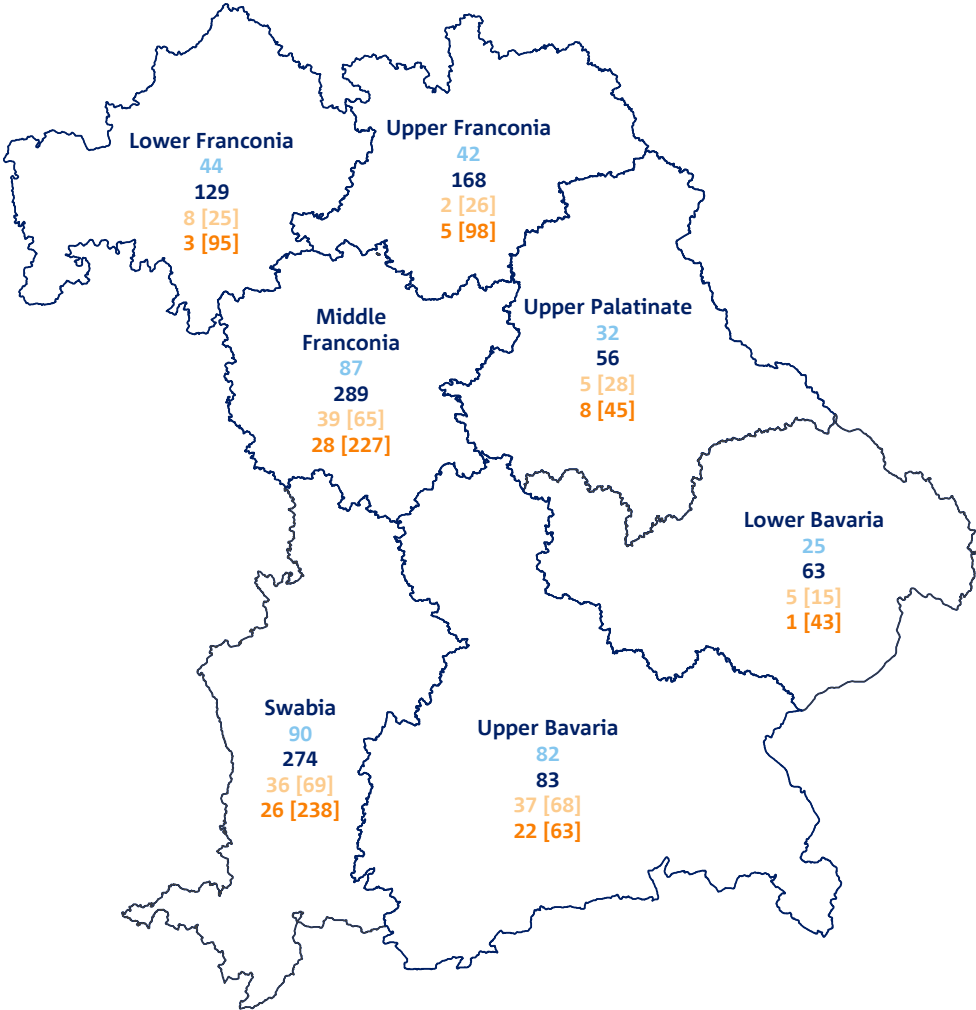
In 2020 loans of EUR 230.8 million (FY 2019: EUR 275.5 million) were granted via BayernLabo for building and buying own homes, which enabled 1,689 owner-occupied homes (FY 2019: 2,145 owner-occupied homes) to be subsidised in the Free State of Bavaria. Subsidies solely from proprietary business accounted for 225 and solely fiduciary subsidies for 359 of these. The remaining 1,105 residential units were subsidised in both fiduciary and proprietary business.

Photo on next page:  
Construction of new rental homes, Prinz-Eugen-Park, Munich, Germany  
Contractor: GEWOFAG Holding GmbH, Munich, Germany  
Planners: Pakula & Fischer Architekten GmbH, Stuttgart, Germany, and general contractor B & O Service AG  
with Huber & Sohn GmbH & Co.KG; Photo: Michael Nagy, LHM



The map below shows the regional distribution of the homes subsidised in 2020 – broken down by the Bavarian residential construction programme and Bavarian low interest rate loans programme – organised by new builds and purchases of owner-occupied property:

**Regional breakdown of subsidised owner-occupied homes**



- Bavarian residential construction programme – new builds
- Bavarian residential construction programme – purchases
- Bavarian low interest rate loan programme – new builds [for information additional combined subsidy]
- Bavarian low interest rate loan programme – purchases [for information additional combined subsidy]

### Bavarian residential construction programme (subsidised by amortising loans and grants)

Households with children were subsidised with loans and one-off grants in the reporting year. The interest rate for the first fifteen years is 0.50 percent p.a.

The loan covers up to 30 percent of the eligible costs for new builds (construction and first-time purchase) and up to 40 percent of the eligible costs for purchases of existing buildings.

The subsidies must be granted in the amount needed to ensure the financial burden is sustainable for the long-term.

As a child-friendly component, households with children receive a child grant of EUR 5,000 in addition to the loan. This is also granted if the applicants are pregnant with one or more children at the time of the decision on the subsidies. In 2020, approximately EUR 15.6 million in grants for children were approved.

The purchase of existing family homes and owner-occupied flats is subsidised with an additional grant. This is 10 percent of the eligible costs, up to a maximum of EUR 30,000. The additional grant is also awarded if the building purchased is replaced by a new build or a new build is constructed on a conversion or inner-city brownfield site. EUR 0.4 million were approved for this in 2020.

#### State-subsidised business under the Bavarian residential construction programme – new builds and purchases (without structural adaptation)

	2020		2019	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
New builds	22.4	402	34.8	620
Purchases	53.0	1,062	65.8	1,258
<b>Total</b>	<b>75.4</b>	<b>1,464</b>	<b>100.6</b>	<b>1,878</b>



### Bavarian low interest rate loan programme to subsidise home ownership

Under the Bavarian low interest rate loan programme, BayernLabo, with the support of the KfW, subsidised the new construction and purchase of owner-occupied homes in the form of single-family homes, two-family homes (here only the home intended for the applicant) and owner-occupied flats, and since July 2019 the modification and extension of owner-occupied buildings. The income limits applicable in the Bavarian residential construction programme also applied here (page 99). The loans under the Bavarian low interest rate loan programme were secured subordinately, the same as government construction loans. By guaranteeing the subordinated loans, the Free State of Bavaria makes an additional contribution to the subsidy programmes.

BayernLabo provided loans up to one third of the total costs of the measures required.

Under the Bavarian low interest rate loan programme, loans with a 10, 15 and 30-year (fully amortising) interest rate lock-in were offered in 2020. The fully amortising variant allows the applicant to plan with optimum certainty, as they are protected from future changes in interest rates.

In the case of single subsidies (without additional government construction loans) the interest rate for the end borrower was reduced further compared with the combined subsidy.

In the fully amortising variant, unlike the 10 and 15-year interest rate lock-in, no distinction was made between the single and combined subsidy.

#### State-subsidised business under the Bavarian low interest rate loan programme

	2020		2019	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
<b>Bavarian low interest rate loan programme</b>				
Combined subsidy	118.8	1,105	136.6	1,354
Individual subsidy	36.6	225	38.3	267
<b>Total</b>	<b>155.4</b>	<b>1,330</b>	<b>174.9</b>	<b>1,621</b>

### Bavarian Home Ownership Subsidy and Bavarian Baukindergeld Plus

Bavarian Baukindergeld Plus and the Bavarian Home Ownership Subsidy were passed by the Bavarian State Government on 15 May 2018. The purpose of this benefit is to support home ownership in Bavaria. This should create additional living space and at the same time increase the rate of home ownership.

Since 1 September 2018, BayernLabo has issued notices in the name of and on behalf of the Free State of Bavaria.

With Bavarian Baukindergeld Plus, the Free State of Bavaria boosts the child allowance from the German government, which amounts to EUR 1,200 per child per year over a period of 10 years, by an additional EUR 300 per child per year. 16,285 (FY 2019: 7,577) benefit notices amounting to EUR 86.6 million (FY 2019: EUR 40.3 million) were issued and disbursed in 2020.

The Bavarian Home Ownership Subsidy is used to subsidise home ownership in Bavaria on a one-off basis in the amount of EUR 10,000. In 2020, 24,404 (FY 2019: 10,351) applications for the Bavarian Home Ownership Subsidy were approved and disbursed with a volume of EUR 244.0 million (FY 2019: EUR 103.5 million).

Applications for both of these subsidies had to be made directly to BayernLabo and could only be submitted once they had moved into the property and only until 31 December 2020 (expiry of the directives).

#### State-subsidised business under the Home Ownership Subsidy and Bavarian Baukindergeld Plus

	2020		2019	
	Commitments EUR million	Number of notices	Commitments EUR million	Number of notices
<b>Bavarian Home Ownership Subsidy</b>	244.0	24,404	103.5	10,351
<b>Bavarian Baukindergeld Plus</b>	86.6	16,285	40.3	7,577





## **04 Subsidisation of condominium owners' associations**

# Subsidisation of condominium owners' associations

BayernLabo, with the support of the KfW, subsidised condominium owners' associations to carry out structural modernisation activities, restorations and upgrades to energy efficiency, as well as low-barrier and barrier-free adaptations to the communal property.

Subject to the condition that the buildings are at least 15 years old (for energy-efficiency upgrades the building permit must have been applied for before 1 February 2002, according to KfW rules) and include at least three flats, up to 85 percent of the eligible total costs can be subsidised via the Bavarian modernisation programme.

In accordance with the subsidy directives, a subsidised loan with a ten-year term and ten-year discounted interest rates was offered based on the KfW's energy-efficient refurbishment programme. In 2020, BayernLabo discounted the already cheap KfW loans further. Under certain conditions, an additional amortising grant may be awarded by KfW for promotion of energy-efficient upgrades.

For measures that do not meet the criteria for a subsidised loan under the KfW's energy efficient refurbishment loan programme, but were still eligible for subsidies, BayernLabo provided the low interest rate loan without KfW participation.

The low interest rate loans are distributed directly by BayernLabo.

BayernLabo publishes the latest interest rates for the loans on bayernlabo.de. After the year exempt from principal payments, the loans must be repaid in full within the ten-year term in equal monthly instalments (fully amortising loan).

The impact of the Covid-19 pandemic resulted in a somewhat more subdued willingness on the part of property owners to invest in modernisation and restoration. A lot of the planned measures were therefore postponed to subsequent years. Commitment volume nevertheless equalled the EUR 7.8 million in the previous year 2019.



Construction of a new apartment building, Weissenburg, Germany  
 Contractor: City of Weissenburg  
 Planner: Building Department of the City of Weissenburg  
 Photo: Rudi Rengert, Nennslingen, Germany

**State-subsidised business with condominium owners' associations**

EUR million	2020	2019
<b>Bavarian modernisation programme</b>		
“Energy-efficient refurbishment” loans	2.3	2.3
Modernising living	5.5	5.5
<b>Total loans</b>	<b>7.8</b>	<b>7.8</b>
<b>Number of subsidised owners – total</b>	<b>484</b>	<b>1,417</b>

In 2020, EUR 7.8 million in loans to modernise/restore communal properties for condominium owners' associations were granted via BayernLabo, which provided subsidies for a total of 484 owners in the Free State of Bavaria.



## **05 Subsidisation of facilities for people with disabilities**

# Subsidisation of facilities for people with disabilities

In addition to conditionally non-repayable loans which are waived after expiry of a contractual occupancy commitment, amortising loans and grants were provided in 2020 to subsidise facilities for people with disabilities. The amount of the subsidy was determined on a case-by-case basis and depended partly on how well equipped the residence was.

In 2020 a total of EUR 9.7 million (FY 2019: EUR 11.3 million) in loans and EUR 43.1 million (FY 2019: EUR 37.5 million) in grants were approved, which enabled the construction of 416 residential places (FY 2019: 409 residential places) to be supported.

## State-subsidised business under the Bavarian residential construction programme – disability plan

	2020		2019	
	EUR million	Number of places in residences	EUR million	Number of places in residences
Loans in the disability plan for new builds	9.7	160 <sup>1</sup>	11.3	238 <sup>1</sup>
<b>Total loans</b>	<b>9.7</b>		<b>11.3</b>	
Grants – combined subsidy	14.7	–	22.4	–
Grants – individual subsidy	28.4	256	15.1	171
<b>Total grants</b>	<b>43.1</b>		<b>37.5</b>	
<b>Total</b>	<b>52.8</b>	<b>416</b>	<b>48.8</b>	<b>409</b>

<sup>1</sup> 64.0 percent of the financing was provided from public funds (17.0 percent loans, 47.0 percent grants). 28.0 percent were the owner's own funds. Other subsidies (Aktion Mensch, ARD TV lottery "Ein Platz an der Sonne" (A Place in the Sun), etc.) provided 8.0 percent.

In addition to the subsidised loans and grants, the subsidised residential places received additional loans of EUR 6.5 million (FY 2019: loans of EUR 6.7 million) and grants of EUR 0.5 million (FY 2019: grants of EUR 0.0 million) financed from public funds.

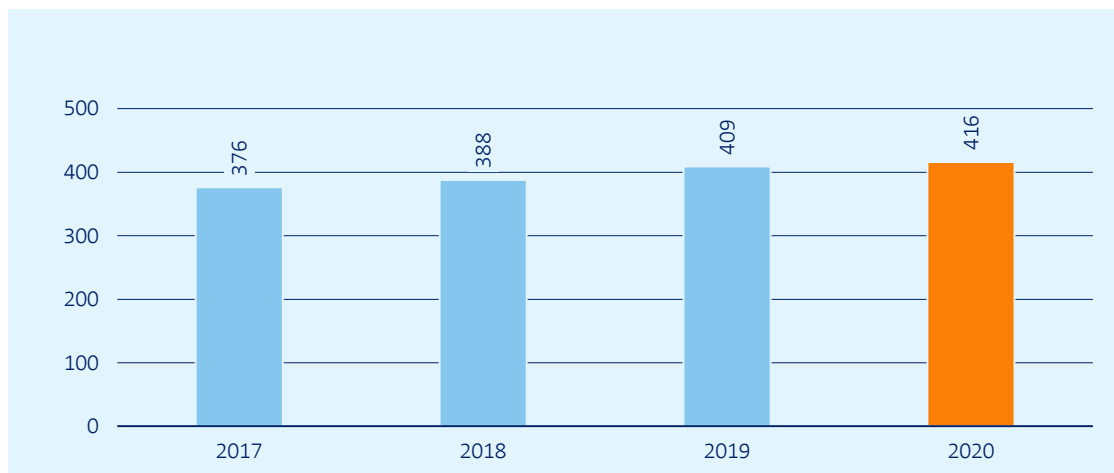
This additional subsidy amounted to an average of EUR 43,819 per residential place (FY 2019: EUR 28,521 per residential place).





Construction of a new residential home for people with disabilities, Rain a. Lech, Germany  
Contractor: Stiftung St. Johannes, Marxheim, Germany  
Planner: UTA Architekten und Stadtplaner GmbH, Stuttgart, Germany  
Photo: Norman Radon, Ingolstadt, Germany

#### Subsidised homes and places in residences





## 06 Other subsidies

# Other subsidies

## Structural adaptation for people with disabilities (adaptation measures)

In the reporting year, conditionally non-repayable construction loans in the amount of EUR 25.1 million (FY 2019: EUR 26.5 million) were paid out to structurally adapt 2,904 homes (FY 2019: 3,071 homes). This included 219 rental homes (FY 2019: 226 rental homes) and 2,685 owner-occupied homes (FY 2019: 2,845 owner-occupied homes).

## Subsidy programme for new builds to replace authorised residential care homes

The subsidy programme for new builds to replace authorised residential care homes expired at the end of 2019.

## Construction and purchase of rental homes for public sector workers

To complement the Bavarian residential construction programme, BayernLabo subsidises the construction and purchase of rental homes for public sector workers by government housing companies on behalf of the Free State of Bavaria. In 2020, 169 (FY 2019: 443) rental homes were subsidised with loans of EUR 36.0 million (FY 2019: EUR 72.2 million) and grants of EUR 2.9 million (FY 2019: EUR 8.5 million).

## Subsidies to modernise and update flats for public sector workers (leasehold flats)

On behalf of the Free State of Bavaria, BayernLabo subsidised the modernisation, updating and restoration of public sector workers' flats, which were transferred to state enterprises for the purposes of state housing assistance. In 2020 BayernLabo provided subsidised loans for 250 (FY 2019: 32) rental homes with a volume of EUR 14.6 million (FY 2019: EUR 4.6 million).

## Own liabilities

To a limited extent, loans are granted as own liabilities as intermediate financing or as an addition to public-sector subsidy programmes. They are only given to business partners where BayernLabo is confident of their credit rating as a result of loans already granted under a subsidy programme. Compared to the previous year (EUR 32.6 million), commitments under BayernLabo's own liability fell to EUR 20.5 million.

As a result of the low interest rates, loans for expenses were prepaid before the start of the interest-bearing repayment phase in the reporting year. To enable these borrowers prepared to repay their loans to take advantage of a more favourable market interest rate, BayernLabo has offered to continue the loans under its own liabilities at favourable interest rates. In 2020, loans of EUR 0.2 million (FY 2019: EUR 0.1 million) were refinanced.





Construction of a new children's daycare centre and open full-day school, Vohburg, Germany  
Contractor: City of Vohburg; Planner: Raith Architekten GmbH, Kelheim, Germany  
Photo: Martin Strasser, City of Vohburg

### Maintaining holdings

Due to the low interest rates, BayernLabo's business partners have repeatedly asked about forward conditions in the past. On customer request BayernLabo therefore draws up forward conditions in high volume subsidy programmes starting from a certain amount and up to a certain lead time. The extent to which forward conditions are offered is based on the situation and takes into account the current capital market environment and market situation.

For example, a volume of around EUR 0.7 million in home ownership subsidies and EUR 2.4 million in subsidies for rental housing was extended early in 2020.

In future BayernLabo will offer more forward conditions, at customers' request, incorporating the experience gained so far.

In income-based subsidies (IBS), it has been possible since 2018 to extend the residual loan value for subsidised homes whose occupancy commitment is due to expire within five years at favourable terms of 1.75 percent, providing rent control and an occupancy commitment are agreed for the next 15 years.

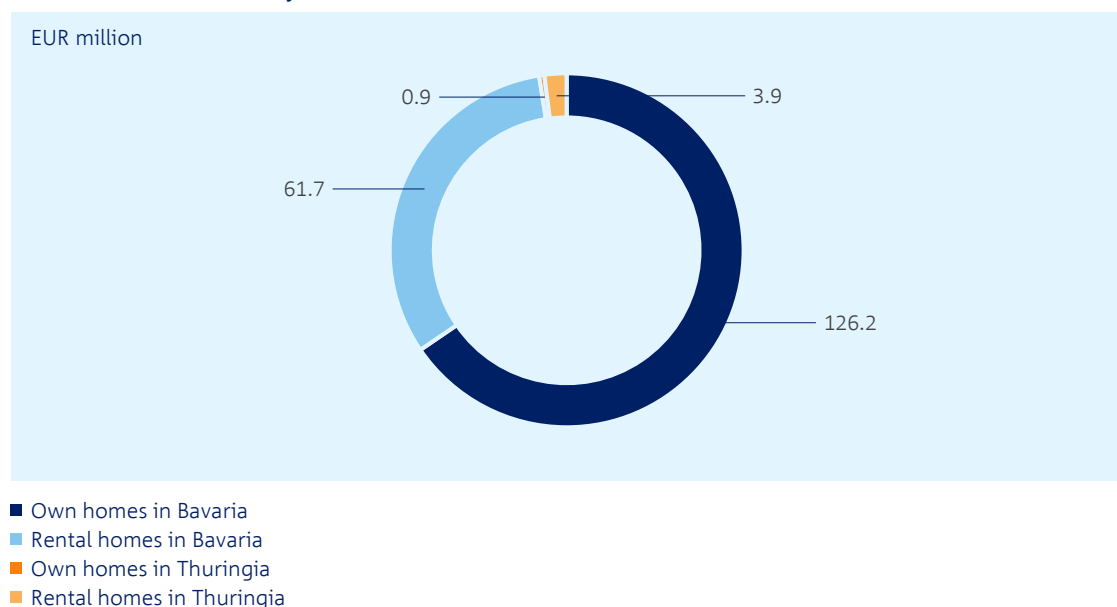
## Adjustments to terms and conditions

Despite the current challenging market situation, loans with a residual value of EUR 192.7 million (FY 2019: EUR 174.5 million) were retained in the reporting year after the end of the interest rate lock-in, thanks to attractive conditions. In Bavarian business, this corresponds to a retention rate of 56.4 percent (FY 2019: 54.1 percent) of the loans where the interest rate was due to change. In business with the state of Thuringia this amounted to 88.6 percent (FY 2019: 69.0 percent).

The adjustments to terms and conditions broke down as follows (interest rate adjustments).

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### Residual loans held after adjustment of terms and conditions



Furthermore, the interest rate was raised for some fiduciary loans granted via the third subsidy route under the subsidy directives. This impacted residual loans of EUR 57.1 million (FY 2019: EUR 93.1 million), EUR 45.2 million (FY 2019: EUR 72.4 million) of which was retained. This is a retention rate of 79.2 percent (FY 2019: 77.8 percent).

Photo on next page:  
Construction of a new residential home for people with disabilities and a daycare facility for elderly people with disabilities, Ochsenfurt, Germany  
Contractor: Mainfränkische Werkstätten GmbH, Würzburg, Germany  
Planner: Blum Dietz GmbH Planung + Architektur, Kitzingen, Germany  
Photo: Anja Gropp, Würzburg, Germany









# 07 State and municipal loan business

# State and municipal loan business

With a share of 41.9 percent (FY 2019: 42.4 percent) of loan portfolios, the Bavarian state and municipal loan business is BayernLabo's second foothold.

In accordance with the law and BayernLB's Statutes (pursuant to Art. 2 para. 2 BayLaBG), its responsibility is to support the Free State of Bavaria and its local authorities in fulfilling their public mandates. BayernLabo primarily carries out this public mandate for the Bavarian and municipal business in the Group and has worked closely with the municipal umbrella organisations and ministries to implement it since 2 November 2006.

As municipal lending and development bank of the Free State of Bavaria, BayernLabo helps safeguard the provision of credit to the Bavarian municipalities.

## Municipal lending business

BayernLabo helps Bavarian local authorities, public-sector special purpose associations and school associations to finance investment in general municipal and social infrastructure. As part of in-depth financing advisory services, it offers traditional municipal loans and municipal development loans.

Traditional loans can be used not just for new borrowings but as to refinance existing loans.

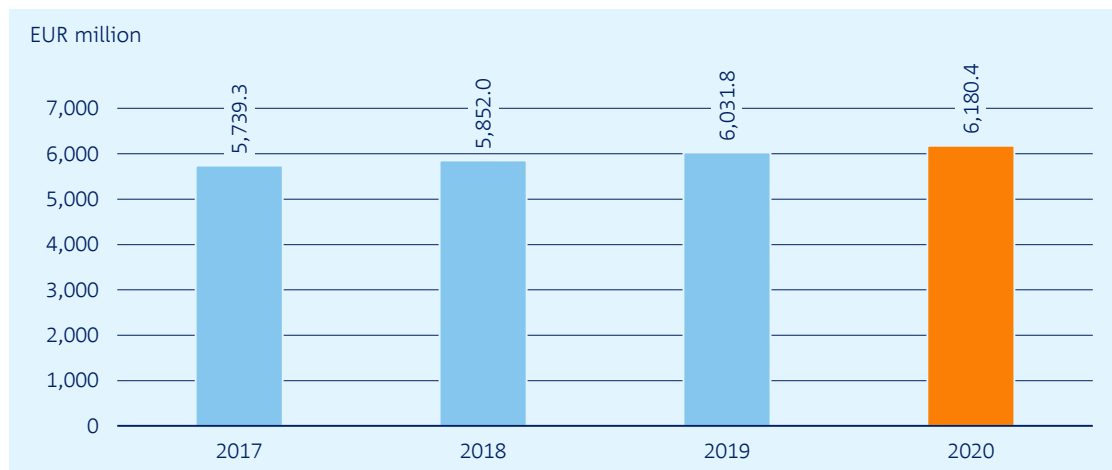
The guarantee by the Free State of Bavaria enables BayernLabo to access cheap funding on the capital market as a development bank with an AA rating – particularly for longer interest rate lock-in periods. This favourable funding results in attractive conditions, not only for municipal development loans but also for traditional municipal loans.

With residual loans of approximately EUR 6.2 billion and a market share of a good third, BayernLabo remains the market leader in Bavaria in this segment.

The volume of new loans in the municipal lending business totalled EUR 878.8 million in 2020 (FY 2019: EUR 737.8 million).



## BayernLabo municipal loan portfolio

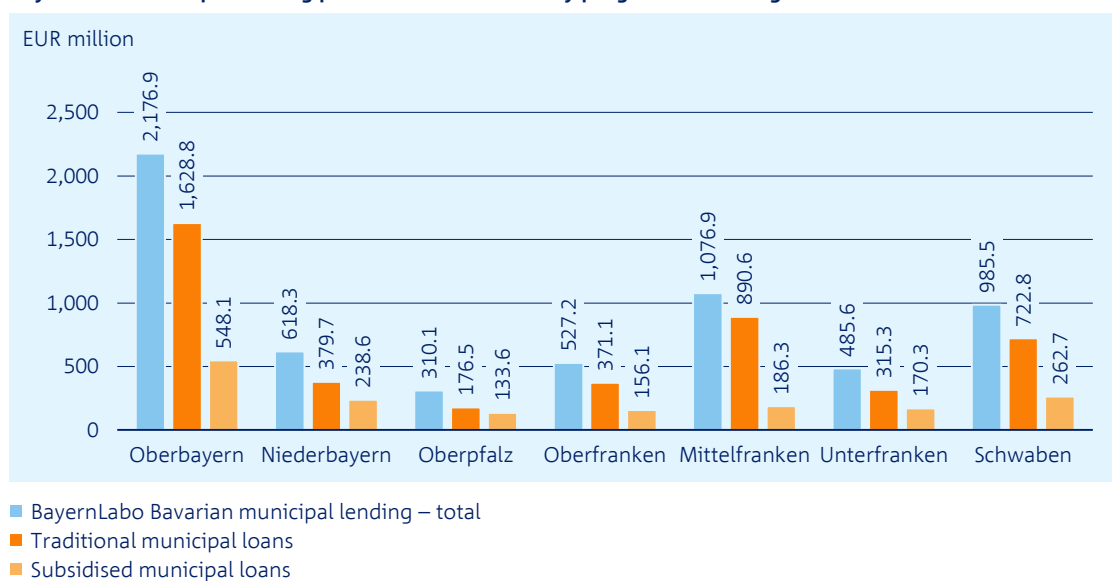


*Not including the municipal housing subsidy programme (KommWFP).*

The regional structure of the loan portfolio in BayernLabo's municipal lending business underscores the broad take-up of the offering by municipalities in all administrative districts and reflects the successful fulfilment of BayernLabo's mandate as municipal lending and development bank of the Free State of Bavaria. The different intensity of in take-up conveys the regional variation in demand.

Over 75 percent of Bavarian residents therefore benefit from investments that BayernLabo has helped finance.

## BayernLabo municipal lending portfolio broken down by programme and region



*Potential deviations in the total are due to rounding.*

### Traditional municipal loans

BayernLabo offers local authorities, special purpose associations and their legally dependent enterprises a variety of investment financing structures. Within the municipal budget, individual solutions can be selected as required, for example from the following options:

- Fixed-rate loans (instalment, annuity and bullet repayment variants) with an interest rate lock-in of up to 30 years
- Forward loans (to secure the current conditions for existing loans whose interest rate lock-in period is coming to an end in the foreseeable future)

Agreements concluded with the Bavarian municipalities in the traditional lending business amounted to EUR 710.6 million in 2020, up considerably year on year (FY 2019: EUR 552.9 million), taking them to the highest level since 2011. Lending volumes rose as a result of a sharp jump in demand in relation to Covid-19, particularly in the big cities. The average interest rate lock-in remains high at 15.4 years but is down on the previous year (17.8 years). BayernLabo offers interest rate lock-ins/terms up to 30 years.

Modernisation of Johann-Michael-Sailer-Gymnasium, Dillingen a. d. Donau, Germany  
Contractor: Landratsamt (District Administration Office) Dillingen a. d. Donau  
Planner: Dömges Architekten AG, Regensburg, Germany  
Photo: Landratsamt (District Administration Office)  
Dillingen a. d. Donau

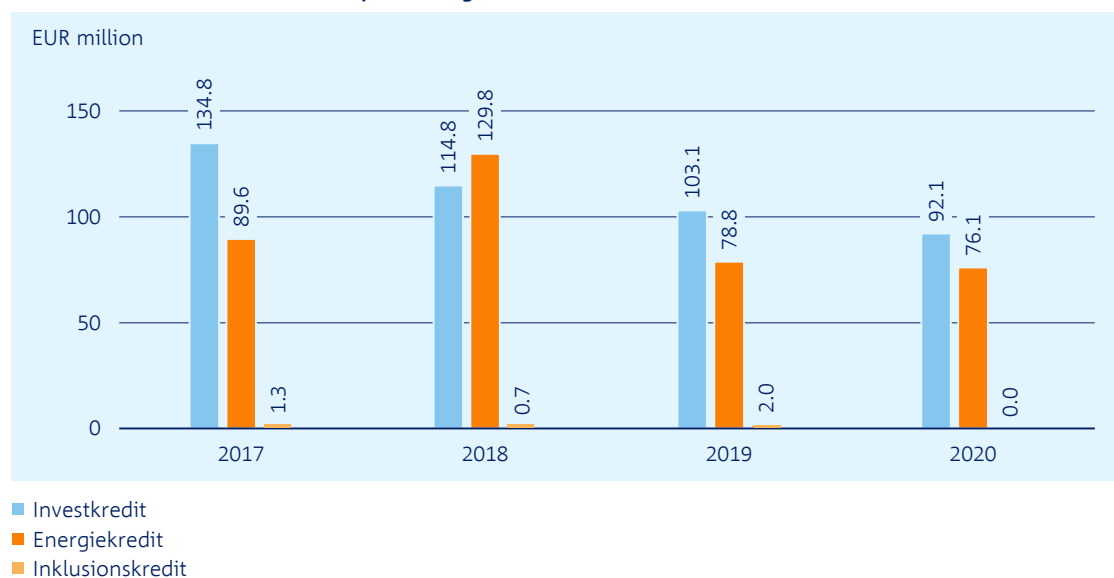


## Municipal development loans in conjunction with the development bank KfW

With regard to municipal development loans, BayernLabo obtains funding for specific purposes usually from the KfW at a cost which is already low at a federal level. In addition to passing on these federal subsidies, BayernLabo generally also grants the municipalities further interest rate cuts.

However, the municipalities only benefit from the dual interest rate reductions at federal and state level if the application is submitted directly to BayernLabo under the Bavarian subsidy programmes for Bavarian municipal investment, energy and inclusion loans (Investkredit, Energiekredit and Inklusionskredit Kommunal Bayern).

### Commitments in subsidised municipal lending



### Investkredit Kommunal Bayern (Bavarian municipal investment loan)

All investments of the capital budget can be financed under Investkredit Kommunal Bayern, providing they relate to the general municipal and social infrastructure.

This ranges from investment in kindergartens, schools and town halls to village and town planning to preventative disaster response. Per budget year, no more than 50 percent of the investment costs can be subsidised. Projects up to EUR 2 million may even qualify for a subsidy of up to 100 percent.

In 2020 BayernLabo shaved the KfW interest rate in the underlying programme IKK (Investionskredit Kommunen - municipal investment loan) to a maximum of 0.0 percent p. a. for the first ten years of the loan term.

Investkredit Kommunal Bayern holds its own as the most in-demand subsidised loan in conjunction with KfW. The commitment volume of EUR 92.1 million just fell short of the previous year (FY 2019: EUR 103.1 million).

Since the lending programme was established in 2009, loan commitments amounting to EUR 1,736.4 million have been made. The fields of training and education and sports facilities account for the largest proportion of these.

### **Energiekredit Kommunal Bayern (Bavarian municipal energy loan)**

With this subsidy programme, BayernLabo helps finance investments in energy-related modernisation of existing and energy-efficient construction of new municipal and social buildings.

BayernLabo uses Energiekredit Kommunal Bayern to fund the energy-related modernisation of existing buildings (non-residential buildings) in the municipal and social infrastructure – whatever the year of construction. In addition, since 1 October 2015 energy efficient new builds that meet the KfW Efficiency House 55 or 70 standards are also included in the subsidy programme. Listed buildings have their own modernisation standard with the KfW Efficiency House Monument.

Direct modernisation costs which result in a KfW Efficiency House standard and individual energy-saving measures are eligible for subsidies.

In 2020 BayernLabo reduced the KfW's interest rate in the underlying IKK – Energy-Efficient Construction and Refurbishment programme to a maximum of 0.0 percent p. a. for the first ten years of the loan term.

Furthermore, a repayment grant of most recently up to 17.5 percent of the commitment amount was awarded depending on the KfW Efficiency House standard achieved.

Energiekredit Kommunal Bayern remained largely unchanged year on year at EUR 76.1 million (FY 2019: EUR 79.8 million). Of this, new builds accounted for EUR 59.1 million and the modernisation of non-residential buildings accounted for EUR 17.0 million.

In total, energy-related loans of EUR 724,2 million have been authorised since the programme started in April 2011.

Discussions are currently underway with the KfW on continuing the programme beyond 30 June 2021, under the Federal subsidy for energy-efficient buildings (Bundesförderung für effiziente Gebäude - BEG).

Photo on next page:  
Construction of a new town hall in Euerdorf, Germany  
Contractor: Euerdorf market town (Markt Euerdorf)  
Planner: Lieb + Lieb Architekten, Freudenstadt, Germany  
Photo: Euerdorf Administrative Association (Verwaltungsgemeinschaft Euerdorf)







### **Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)**

The Inklusionskredit Kommunal Bayern programme subsidises investment by municipalities and special-purpose associations in barrier reduction and the barrier-free expansion of municipal and social infrastructure.

For example, it can finance barrier removal at access points to existing buildings (non-residential buildings) and measures to overcome height differences in public areas (e.g. between public transport and the street).

With this programme, BayernLabo supports the Bavarian State Government in making Bavaria barrier free. Costs for the professional execution of the measures, as well as for accompanying work required and costs for consulting and planning services are eligible for subsidies.

BayernLabo cuts the KfW interest rate in the underlying IKK – Barrier-Free City programme to a maximum of 0.00 percent p. a. for the first ten years of the loan period.

The Inklusionskredit Kommunal Bayern saw no take-up for the first time in 2020. Since the programme was set up in 2013, loans totalling EUR 22.0 million have been approved.

### **The municipal housing subsidy programme – KommWFP**

KommWFP, serviced as part of the Bavarian municipal lending business, has now become an important factor in municipal construction activities. For details see section 02 Subsidised rental housing in apartment buildings.

### **Financing advisory services**

As part of financing advisory services, credit portfolios are analysed and structured with regard to how they could be optimised using BayernLabo products:

- Interest rate hedging against future adjustments to the terms and conditions with forward loan agreements
- Early adjustment of terms and conditions to reduce interest rate costs
- Even control or staggering of the interest adjustment dates

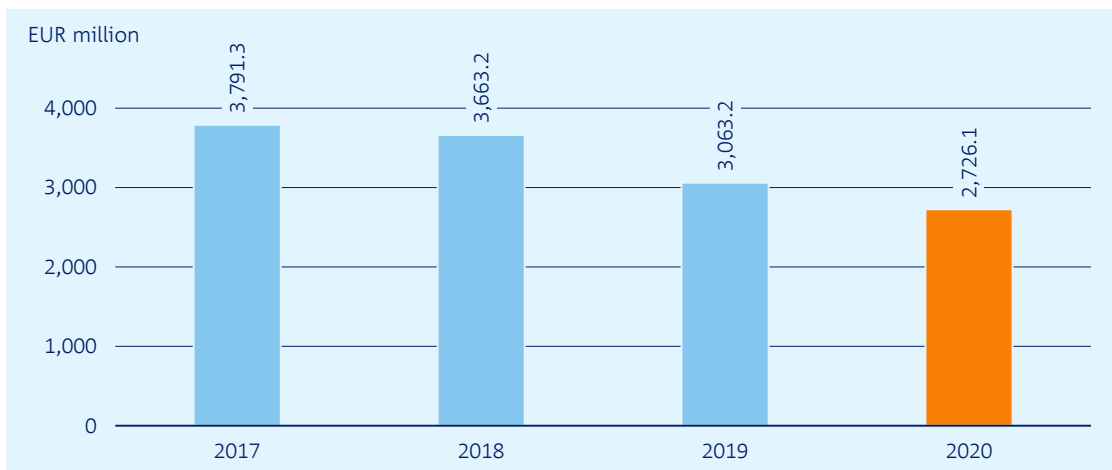


Extension of Kindergarten Sonnenschein, Vohburg, Germany  
 Contractor: City of Vohburg  
 Planner: Architekturbüro Finsterer, Geisenfeld, Germany  
 Photo: Martin Strasser, City of Vohburg

### State government lending

Like BayernLB as the principal Bank, BayernLabo supports the Free State of Bavaria and has issued its Schuldschein note loans in the amount of EUR 2,726.1 million. For the first time since 2014, a Schuldschein note loan of EUR 150 million was concluded with the Free State of Bavaria in 2020.

Changes in the portfolio of government loans to the Free State of Bavaria





# 08 Financial report

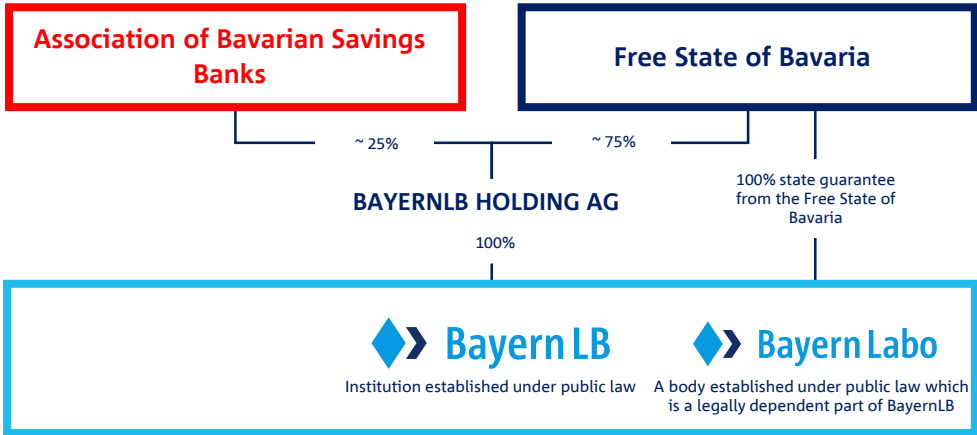
# Financial report

## Business structure

### Business model

Bayerische Landesbodenkreditanstalt (BayernLabo) is the subsidised housing and municipal bank of the Free State of Bavaria with its head office in Munich. The guarantor for BayernLabo is the Free State of Bavaria. Within Bayerische Landesbank, BayernLabo is a legally dependent but organisationally and financially independent body established under public law.

### BayernLabo in the BayernLB Group



As part of government housing policy and in accordance with the state aid regulations of the European Union, BayernLabo has the legal mandate as a specialised bank to subsidise projects to improve and strengthen the housing stock and settlement structure of Bavaria. As such, BayernLabo acts as a non-competitive partner to provide its customers with low-cost finance in the form of subsidy programmes, in particular for the creation or modernisation of owner-occupied and rental properties and places in residential homes. In addition to the state-subsidised programmes, BayernLabo also offers its own subsidy programmes, which it funds via the KfW and the capital market and discounts with its own funds.

As the municipal bank of the Free State of Bavaria, BayernLabo helps Bavarian local authorities and public-sector special purpose and school associations to finance investment in general municipal and social infrastructure. To this end it offers traditional municipal loans and subsidised municipal loans, which are discounted with support from KfW.

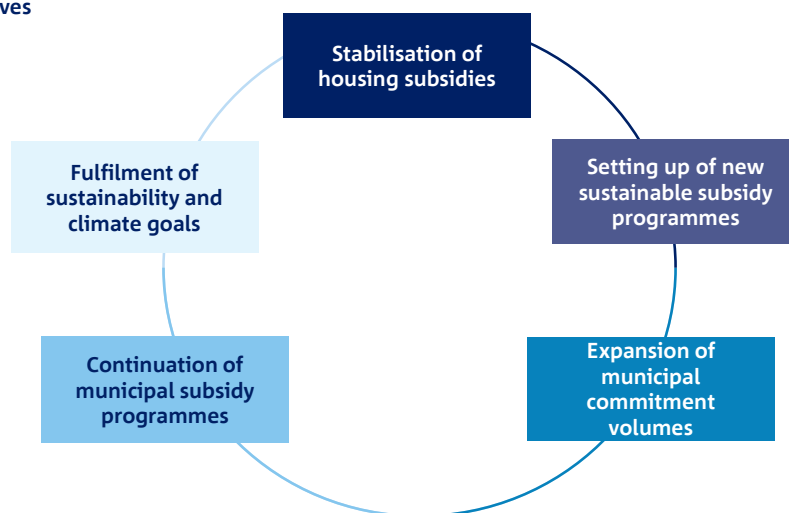
When obtaining funding on the capital market, BayernLabo benefits from the state guarantee for its liabilities and the related Aaa rating from Moody’s Investors Service rating agency.

## Business strategy

BayernLabo's strategic goals are:

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### Strategic objectives



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- To stabilise housing subsidies in Bavaria by continually providing the “Bavarian low interest rate loan programme”, a dated, low interest, internally funded programme from BayernLabo’s own funds, and the “Bavarian modernisation programme”, and by setting up state-guaranteed subsidised loans in special purpose assets. In addition, subsidised loans from the municipal housing subsidy programme are provided.
  - To set up new sustainable subsidised loan programmes in housing and municipal financing under the provisions of the Bayerische Landesbank Act (BayLaBG) and Verständigung II, providing the Free State of Bavaria confers new subsidisation tasks under the statutory list of tasks to BayernLabo.
  - To expand the volume of approvals in the municipal lending business by broadening the customer base and product range and by setting up subsidy programmes with Bavarian municipalities.
  - To continue existing municipal subsidy programmes, in particular to underpin the energy transition as well as to reduce and remove barriers and convert municipal infrastructure to meet the needs of the elderly and disabled.
  - To help fulfil the Free State of Bavaria’s sustainability and climate goals.



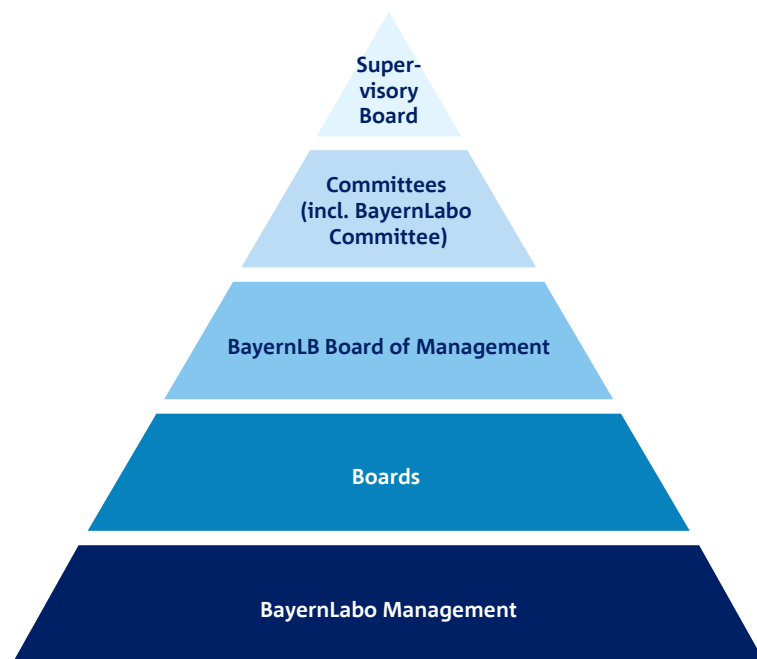
## Management and control

### Structure of risk management

BayernLabo is incorporated into BayernLB's risk-oriented management. Certain tasks are performed centrally by BayernLB:

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#### Management structure



The Supervisory Board monitors and advises BayernLB's Board of Management. The BayernLabo Committee was formed from its ranks to deal with issues relating to BayernLabo. The Committee deals with all matters in respect of BayernLabo on behalf of the Supervisory Board and passes resolutions concerning BayernLabo's affairs which the Supervisory Board is responsible for.

BayernLabo is represented in and out of court by BayernLB's Board of Management, business is conducted by senior management. Various boards furthermore assist the BayernLB Board of Management in running the Bank and its activities. BayernLabo reports regularly to the BayernLabo Committee on business performance and its risk status. BayernLB monitors and reports risks directly. Performance and process-oriented risks (planning and performance of the annual results, new business, the loan portfolio, the investment and risk asset budgets) are managed by the Board of Management of BayernLB and management of BayernLabo.

### **Organisation of risk management**

BayernLabo's early risk detection system incorporates the specific features of a development bank. Its goal is to identify and record material risks or those that jeopardise existence so early that, if possible or necessary, countermeasures can be taken. BayernLabo regards the interests of trustors/guarantors the same as its own. BayernLabo does not manage its risks from the perspective of maximising revenues but that of minimising risk.

### **Internal control and risk management system in the accounting process**

In conjunction with BayernLB; BayernLabo has set up an internal control and risk management system, which is constantly reviewed and refined. It is based on written organisational rules and comprises both structural and procedural regulations. The rules governing the accounting-related internal control system are set out in the Group accounting guidelines stipulated by BayernLB. These rules ensure the standards and requirements in relation to accounting are complied with.

The annual financial statements and management report are compiled in accordance with the directives for preparing the annual accounts, produced by directive of the BayernLB Board of Management, and submitted to the BayernLabo Committee for approval.

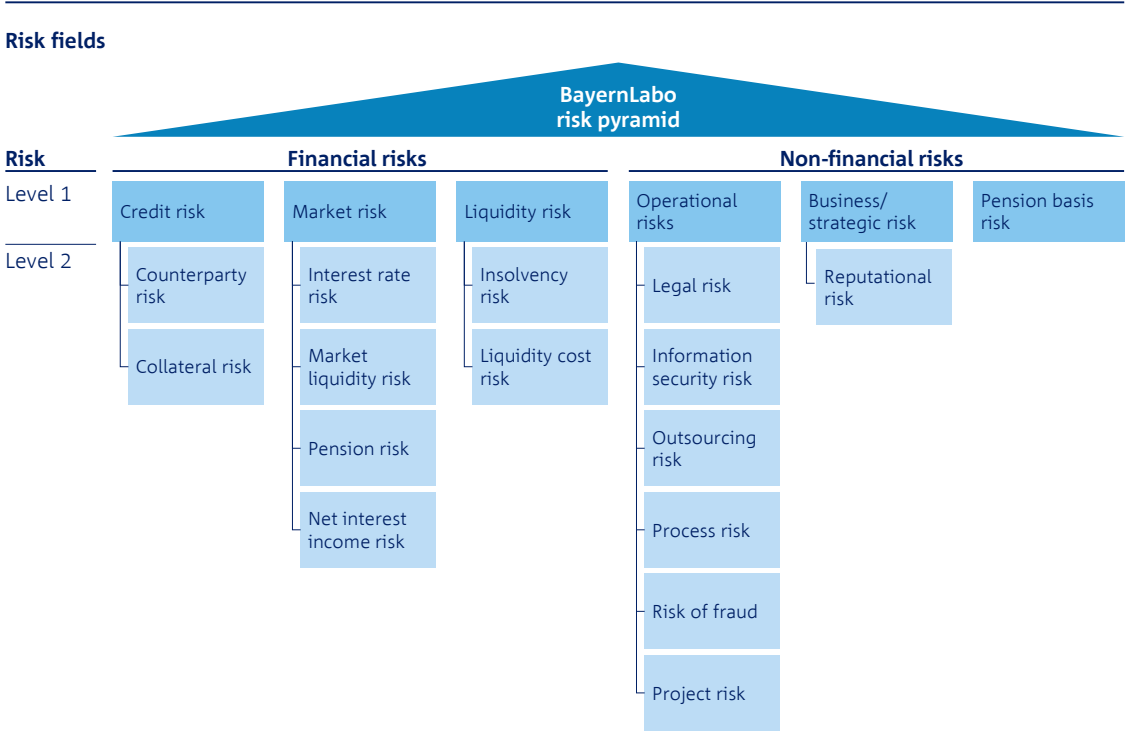
The spread of the Covid-19 virus did not have any material impact on BayernLabo's accounting as at the reporting date of 31 December 2020.

### **Risk-bearing capacity**

BayernLB's Group Risk Strategy sets out ceilings for risk capital requirement limits, which must be complied with by the institutions of the BayernLB Group and therefore also BayernLabo. In the case of credit risks, diversification is achieved by setting specific portfolio and individual limits.

**Risks of BayernLabo**

BayernLabo’s early risk detection system comprises the following risk fields (excerpt from BayernLabo’s risk pyramid).



In terms of the effect of the Covid-19 pandemic on BayernLabo’s risk situation, it should be noted at the outset that there is currently no material impact on the risk types. Restrictions in business operations, e.g. due to people falling ill with Covid-19 or measures to comply with hygiene rules, were only minor. No additional restrictions are anticipated if the current situation continues.

**Credit risk**

Credit risk at BayernLabo consists largely of counterparty risk. Counterparty risk is the risk of a possible loss in value of receivables which occurs due to a deterioration in the credit rating of a BayernLabo business partner and/or a change in value of collateral provided.

BayernLabo’s credit business comprises loans in fiduciary business, state and municipally-guaranteed loans, Schuldschein note loans to the Free State of Bavaria, municipal loans and loans under own liability. Fiduciary business in Bavaria and Thuringia, state-guaranteed own business and internally funded loans to German public-sector budgets account for the vast majority of the subsidised loans issued by BayernLabo. These loans do not pose a direct counterparty risk for BayernLabo.

BayernLabo does face counterparty risk in its own right especially for loans under its own liability with a total volume of EUR 273.3 million (including open commitments of EUR 20.2 million), i.e. a

share of 1.8 percent of BayernLabo's entire credit business. Loans under own liability are only given to business partners where BayernLabo is confident of their credit rating as a result of loans already granted under a subsidy programme.

No specific loan loss provisions had to be created under BayernLabo's own liability in financial year 2020.

### *Impact of the Covid-19 pandemic*

The Covid-19 situation only had a very minor impact overall for counterparty risk at BayernLabo. Since April 2020, BayernLabo has offered its customers six different measures in consultation with the Free State of Bavaria and Thuringia. This includes deferring loan payments for consumers pursuant to the Covid-19 Mitigation Act (Covid-19-AG), deferrals of up to 48 months and reductions or suspensions of principal payments.

### **Market risk**

Market risk is the risk of financial losses due to volatility on the money, currency, capital, equity and commodity markets.

BayernLabo's market risk comprises in particular interest rate risk that arises when BayernLabo grants loans for which it has to borrow money on the money or capital market at its own risk (including funding from global loans with KfW or Landwirtschaftliche Rentenbank) and as a result of price changes for securities of the German government, states, development banks, the European Stability Mechanism (ESM) and the European Investment Bank (EIB) in its liquidity portfolio.

The interest rate risk resulting from BayernLabo's pension obligations was taken into account in the previous year when quantifying pension risk. As at 31 December 2020, however, this was included in market risk together with the market risk from plan assets of the CTA, taking into account correlation and diversification effects.

This reduced the economic risk capital requirement for BayernLabo significantly when considered as a whole.

Photo on next page:  
Construction of new rental homes, Regensburg, Germany  
Contractor: Verein zweites LEBEN e.V.  
Planner: donhauser postweiler architekten, Regensburg, Germany  
Photo: Fotodesign Herbert Stolz, Regensburg, Germany







### **Liquidity risk**

Liquidity risk is the risk that payment obligations cannot be met in full or as scheduled (insolvency risk) or, in the event of a liquidity crunch, funding can only be obtained at above-market rates or assets can only be sold at discounts to their market price (liquidity availability risk).

In light of its market position, BayernLabo, as a Aaa-rated Solva Zero issuer guaranteed by the Free State of Bavaria, does not anticipate any ad hoc or structural liquidity problems in a normal market environment.

### **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk. Operational risks are monitored locally by the OpRisk manager of BayernLabo in a process integrated into BayernLB's OpRisk system.

### **Business and strategic risk**

On the basis of its public development mandate BayernLabo formulates the basic premises of its business activities, which are then specified in the risk strategies with a view to risk-bearing capacity.

Strategic risk is the risk BayernLabo faces if surrounding circumstances, such as market conditions and the competitive environment, change. The future performance of non-competitive BayernLabo depends predominantly on the housing policy decisions by the German government and that of the Free State of Bavaria.

### **Reputational risk**

Reputational risk is the risk arising from negative public criticism or a negative image of BayernLabo itself, which can result in financial losses for the institution.

BayernLB has drawn up Group Reputational Risk Guidelines, which apply Group-wide for monitoring reputational risk. To this end a decentralised reputational risk manager (DRRM) has been appointed.

### **Pension risk**

BayernLabo's risk from pension obligations is calculated, recorded and limits set. The limit for residual pension risk was adjusted in financial year 2020 to take into account the market risk resulting from plan assets of the CTA and pension obligations, and the limit was reduced accordingly. It now only includes the impact of unexpected changes in trend factors (e.g. collectively bargained payscales and medical costs) and other bases for calculation (life expectancy and mortality table).

## Summary risk assessment

In light of its low-risk business model, BayernLabo's risk situation has remained mostly unchanged year on year.

## Course of business

Despite the slump in overall economic growth in financial year 2020 as a result of the Covid-19 pandemic and persistently low interest rates, BayernLabo's performance benefited from a pleasingly high level of building permits (up 2.9 percent) and a sharp increase in approvals for subsidies for residential construction.

## Macroeconomic and sector-specific environment

Germany's economic performance was completely overshadowed by the Covid-19 pandemic in 2020. Originally confined to the Wuhan region in China at the end of 2019/start of 2020, the virus reached Germany at the end of January. Because the infectious disease was spreading around the globe, the German government decided in March to place significant limits on business and private travel, before imposing heavy restrictions on social life and business activity within the country (lockdown). To alleviate the severity of the impact on the economy and population, a comprehensive state support programme was put in place and provisions determining when companies should file for insolvency were suspended. Once infection rates went back down, the government was able to begin easing the lockdown in stages from the end of April. After cases numbers started to rise again, a second "light" lockdown was imposed from the start of November, which was then tightened to become a full lockdown at the end of the year.

The pandemic had a huge impact on Germany's economic output. Gross domestic product in real terms slumped by 5.3 percent in 2020 (adjusted for working days, year on year), which was only fractionally below the contraction of 5.6 percent that took place following the financial crisis of 2009. Economic performance mirrored the progression of the pandemic: after a very negative second quarter, a strong, albeit unequal recovery set in in the second half of the year. In spite of the massive ramping up of state spending and support measures for businesses, the crisis throttled capital expenditure levels. The investment climate was also soured by the trade dispute between the USA and China, and also Brexit. Exports, which are long-term drivers of capital expenditure, made a significant negative contribution to growth and were far more negatively affected than imports due to the disruption to international transport routes, and Germany's specialisation in high-price capital goods and the cyclical car industry.

Only investment in construction proved resilient and significantly increased. The main reasons for this were that building activity was not so restricted and property prices continued to rise in many segments. The pandemic also took a heavy toll on private consumption. Even though disposable incomes remained very stable, the spread of Covid-19 increased savings rates and dampened consumption. Social distancing restrictions hit the bricks-and-mortar retail, hospitality and tourism sectors particularly hard, while online retail and logistics even experienced a mini-boom.

The extensive use of short-time working by companies prevented the state of the labour market from significantly deteriorating. However, the rate of unemployment rose over the course of year to a seasonally adjusted 6.1 percent.

Pressure on prices eased markedly as a result of the deep recession in Germany. Consumer prices in 2020 were up only 0.5 percent on the previous year's level. One major factor that kept the lid on inflation was the price of Brent crude oil, a commodity heavily affected by the global recession and which in March was trading at under USD 20 per barrel. Added to the mix were one-off effects such as the 3 percentage-point cut in VAT, which was brought in at the start of July and ran until the end of 2020. The pandemic may well cause prices to rise as delivery chains become more regionalised and production capacity in some sectors is permanently lost. However, in the short term inflation has been largely subdued and the ECB's inflation target undershot by a large margin as a result.

The central bank responded to the pandemic in 2020 by rolling out even bigger guns to stimulate the economy through its arsenal of monetary policy measures. Although the ECB left its key interest rates untouched over the course of 2020, in March it expanded its asset purchase programme (APP), which had been brought in at the end of 2019 and earmarked to purchase EUR 20 billion of bonds every month until further notice. This expansion provided for the purchase of an additional EUR 120 billion in 2020. It also introduced the Pandemic Emergency Purchase Programme (PEPP), which after several top-ups now has a volume totalling EUR 1,850 billion to run until spring 2022 to also purchase bonds issued by private and public borrowers. It also does not have to take so much account of the ECB's capital keys when selecting securities. It is hoped this will particularly help the southern European countries which have been affected the most by the pandemic. The ECB also introduced additional liquidity facilities, Targeted Longer-Term Refinancing Operations (TLTRO III), which will benefit banks particular by helping them to maintain lending to households and companies.

Despite higher infection rates, the more restrictive Covid-19 policy pursued by the Bavarian government and a clear focus on the car industry, which is sensitive to the performance of the economy, Bavaria's economy contracted only slightly more than the average. The Free State of Bavaria benefited from the fact that a high share of its exports are to economically more robust foreign markets such as China and eastern Europe. The regional government's support packages to soften the impact of the pandemic on small and medium-sized enterprises also helped.

Even in Covid-19 year 2020, the construction industry remained a key pillar of the Bavarian economy, posting growing revenues, high capacity utilisation and order intake on par with the previous year. Despite slight restrictions in construction activity due to compliance with the hygiene concepts drawn up, active Covid-19 infections and delays at building and town planning authorities, around 64,000 new homes were built in Bavaria. In Munich, 8,289 homes were completed in 2020, the highest figure in the past 30 years.

On the labour market front, Bavaria also retained its top ranking in Germany, with an unemployment rate of only 3.6 percent.

In spite of the Covid-19 pandemic and the related major slump in the economy, as well as the tough market environment, the ongoing will to invest in residential construction and municipal facilities remained unbroken. The persistent positive trend in residential building permits in

Bavaria continued. In the reporting year, building permits were issued or approval waiver proceedings were concluded for 77,743 homes; in the previous year the figure was 75,542. The annual requirement of 70,000 building permits was thus exceeded.

In September 2015, “Wohnungspakt Bayern” (Bavarian housing pact) was set up jointly by the state, local authorities, churches and the housing industry with the goal of creating 28,000 new government-funded or subsidised rental homes. It comprises an immediate state-aid programme (Pillar I), under which the Free State of Bavaria plans and builds homes. As a second pillar (Pillar II), a municipal development programme was launched to allow local authorities to create additional accommodation. The programme, which was originally scheduled to run until 31 December 2019, was recently extended by another four years and is now to be continued until 2025. The third pillar (Pillar III) accelerates the development of state housing subsidies. They are used to subsidise new rental homes for those entitled to social housing and places in student residences.

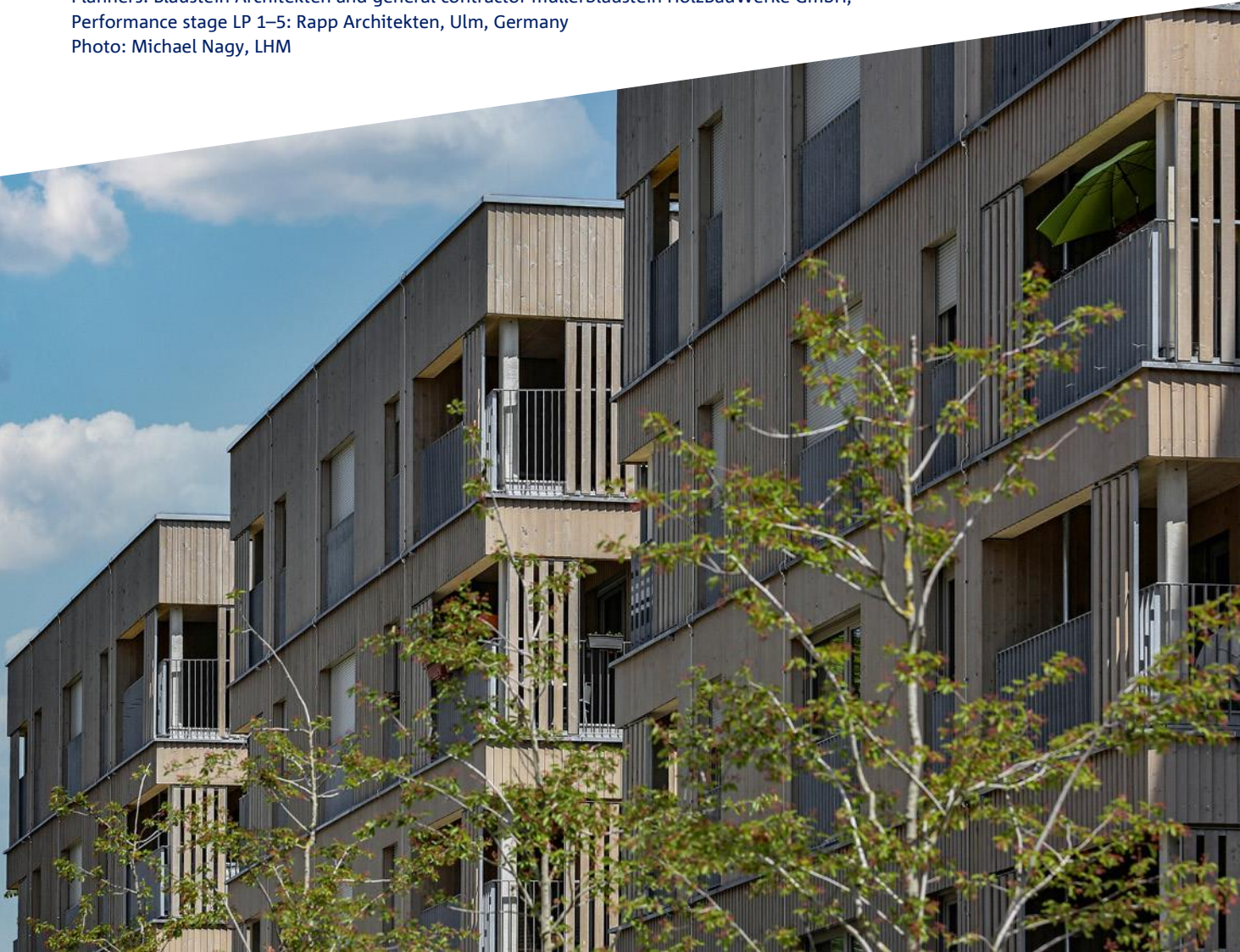
Construction of new rental homes, Prinz-Eugen-Park, Munich, Germany

Contractor: GWG Städtische Wohnungsgesellschaft München mbH, Munich, Germany

Planners: Blaustein Architekten and general contractor müllerblaustein HolzBauWerke GmbH,

Performance stage LP 1–5: Rapp Architekten, Ulm, Germany

Photo: Michael Nagy, LHM



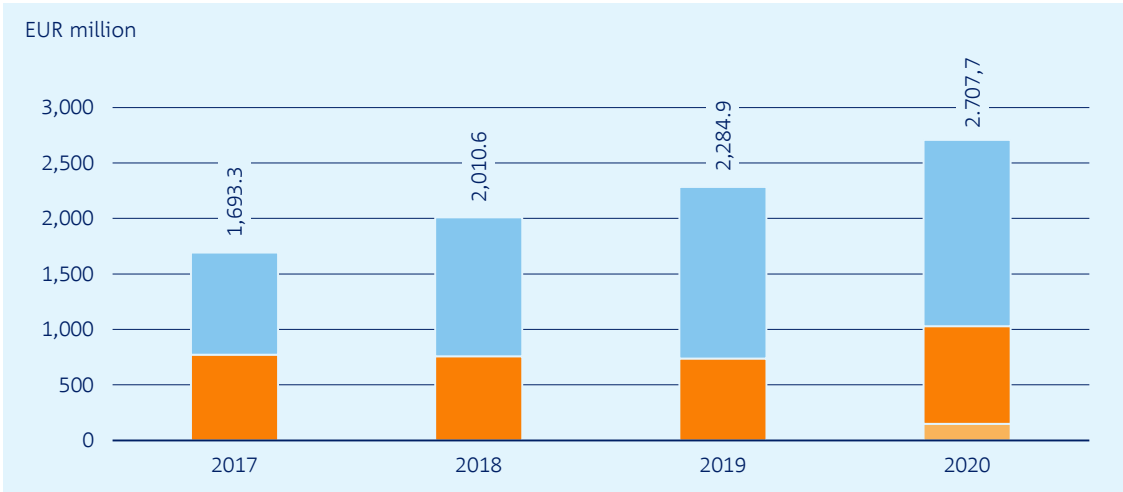


In addition, in 2018 the Bavarian State Government passed a package of measures to boost housing, in order to relieve the fraught housing situation with its rising property and rental prices. Alongside a variety of measures, Bavarian Baukindergeld Plus and the Bavarian Home Ownership Subsidy were introduced, which BayernLabo grants and processes on behalf of the Bavarian State Ministry for Housing, Construction and Transport.

**New commitments**

In 2020, BayernLabo approved loans and grants totalling EUR 2,707.7 million.

**Changes in new commitments and grants**



**Commitments/grants in 2020:**

- Housing subsidies EUR 1,679.0 million (FY 2019: EUR 1,547.1 million)
- Municipal lending EUR 878.8 million (FY 2019: EUR 737.8 million)
- Government loans EUR 150.0 million (FY 2019: EUR 0.0 million)

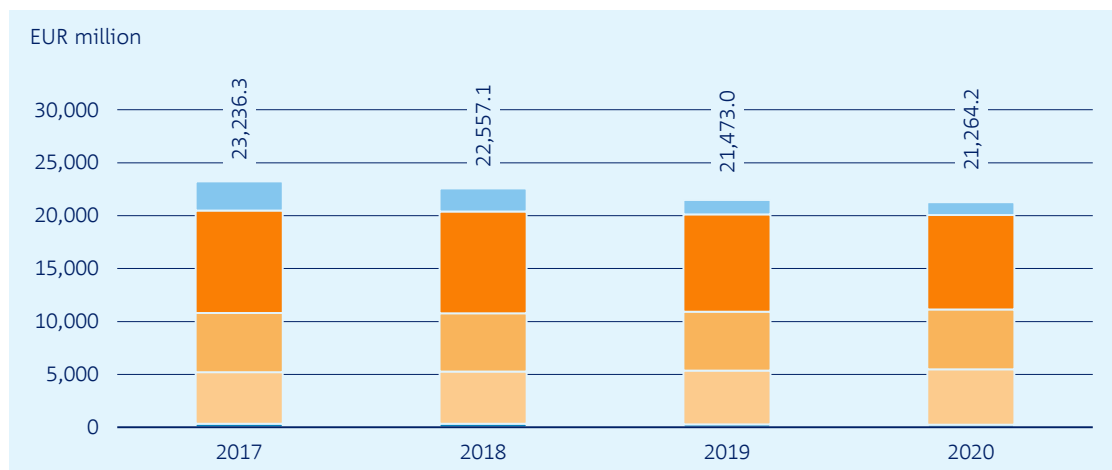
*Potential deviations in the total are due to rounding.*

There was a marked year-on-year increase in BayernLabo’s total approval volume of EUR 422.8 million or 18.5 percent. Loan commitments for subsidised housing fell by EUR 61.3 million (5.6 percent), while the related grants rose by EUR 193.2 million (43.6 percent). New municipal loans approved climbed sharply by EUR 140.9 million (19.1 percent) to EUR 878.8 million. Furthermore, one government lending transaction of EUR 150.0 million was concluded with the Free State of Bavaria.

## Existing business

BayernLabo's lending business contracted by EUR 208.0 million to EUR 21,264.2 million in financial year 2020.

### Changes in existing business



### Existing business in 2020

- Due to banks EUR 1,204.5 million (FY 2019: EUR 1,356.0 million)
- Government and municipal loans EUR 8,906.5 million (FY 2019: EUR 9,200.4 million)
- Guaranteed business EUR 5,664.2 million (FY 2019: EUR 5,538.7 million)
- Fiduciary business EUR 5,235.9 million (FY 2019: EUR 5,079.6 million)
- Own liabilities EUR 253.1 million (FY 2019: EUR 298.3 million)

The state and municipal credit portfolio fell slightly by 3.2 percent to EUR 8,906.5 million. The drop is due to the state lending business with the Free State of Bavaria (EUR 2,629.0 million), whereby the high scheduled repayment of Schuldschein note loans (EUR 584.2 million) overshadowed a new Schuldschein note loan issued to the Free State of Bavaria of EUR 150.0 million. By contrast, the municipal lending business (EUR 6,180.4 million) grew once again by 2.5 percent due to a 9.4 percent higher disbursement volume on the year before. The impact of the Covid-19 pandemic on municipalities' liquidity was evident here, resulting in higher demand for municipal loans to cover funding gaps.

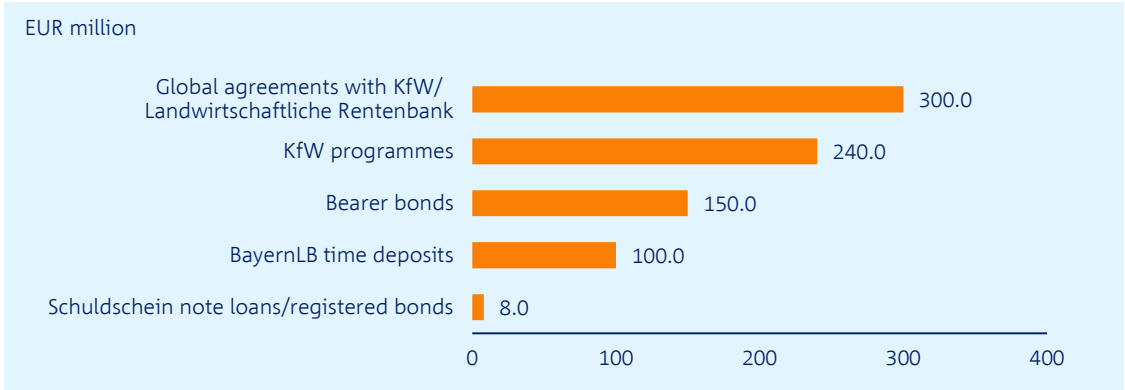
The total portfolio of guaranteed proprietary business increased by 2.3 percent to EUR 5,664.2 million. The rise was still based largely on performance in the municipal housing subsidy programme, in which marked portfolio growth (EUR 82.8 million to EUR 247.1 million) was achieved with a further increase in subsidies granted. By contrast, the credit volume guaranteed by the Free State of Thuringia (EUR 180.3 million) continues to decline, as since 2002 only the existing portfolio has been managed.

The credit portfolio in fiduciary business rose by 3.1 percent to EUR 5,235.9 million. Along with a slight decline in scheduled and unscheduled principal payments as in the previous year, the main driver of the portfolio growth was a sharp increase in the disbursement volume in Bavarian fiduciary business (by EUR 80.8 million to EUR 410.3 million).

**Funding**

BayernLabo obtains funding from KfW development programmes, on the capital market from general funds of KfW or the Landwirtschaftliche Rentenbank and short-term by borrowing fixed deposits at BayernLB. The total amount of financing in the reporting year was almost as planned at EUR 798.0 million and was therefore down by EUR 271.9 million or 25.4 percent (FY 2019: EUR 1,069.9 million).

**Composition of funding in 2020**



BayernLabo concludes global contracts with the KfW and/or Landwirtschaftliche Rentenbank as required, which can be used for the funding of the municipal loan business. As a result of Covid-19, funding here was increased by 100 percent to a total of EUR 300.0 million in the financial year (FY 2019: EUR 150.0 million), to boost liquidity reserves.

BayernLabo used the funding volume of EUR 240.0 million from KfW development programmes (FY 2019: EUR 256.4 million) for all internally funded programmes that are compatible with KfW development programmes. As well as proprietary KfW funds, this also includes subsidies from the German Federal Government. BayernLabo passes them on to its end borrowers. BayernLabo also makes its own subsidy contribution here by waiving part of the principal bank margin for KfW programmes in the principal bank process and/or further discounting the KfW end borrower interest rate in KfW direct loan programmes.

BayernLabo issued EUR 158.0 million of bearer bonds, Schuldschein note loans and registered bonds in the capital market (FY 2019: EUR 413.5 million).

It only took out loans at BayernLB (EUR 100.0 million) as part of ad hoc liquidity management.

## Results of operations and financial position (HGB)

### Results of operations

In addition to persistently low interest rates and continuing high repayment volume in the lending business, it was mainly expenses in relation to staff obligations that weighed on BayernLabo's results of operations. Gains or losses on ordinary activities therefore fell EUR 10.6 million or 41.6 percent to EUR 14.9 million.

#### Results of operations

EUR million	2020	2019	Change	
			absolute	in %
Net interest income	63.1	67.2	(4.1)	(6.1)
Net commission income	24.8	25.9	(1.1)	(4.2)
<b>Gross profit</b>	<b>87.9</b>	<b>93.1</b>	<b>(5.2)</b>	<b>(5.6)</b>
Staff costs	(48.9)	(35.7)	(13.2)	37.0
Operating expenses	(25.8)	(24.1)	(1.7)	7.1
Net of other operating expenses and income	2.5	(5.7)	8.2	>100
<b>Gains or losses before risk provisions</b>	<b>15.7</b>	<b>27.6</b>	<b>(11.9)</b>	<b>(43.1)</b>
Risk provisions/gains or losses on measurement	(0.8)	(2.1)	1.3	61.9
<b>Gains or losses on ordinary activities</b>	<b>14.9</b>	<b>25.5</b>	<b>(10.6)</b>	<b>(41.6)</b>

### Gross profit

At EUR 87.9 million, gross profit slid 5.6 percent below the EUR 93.1 million reported for the previous year.

Net interest income as the net of interest income and interest expenses shrank 6.1 percent or EUR 4.1 million to a solid figure of EUR 63.1 million overall.

Net commission income fell slightly by 4.2 percent year-on-year to EUR 24.8 million. Sources of commission income include income from administrative cost contributions in fiduciary business. Commission expenses arise for guarantee fees that BayernLabo has to pay to the Free State of Bavaria.



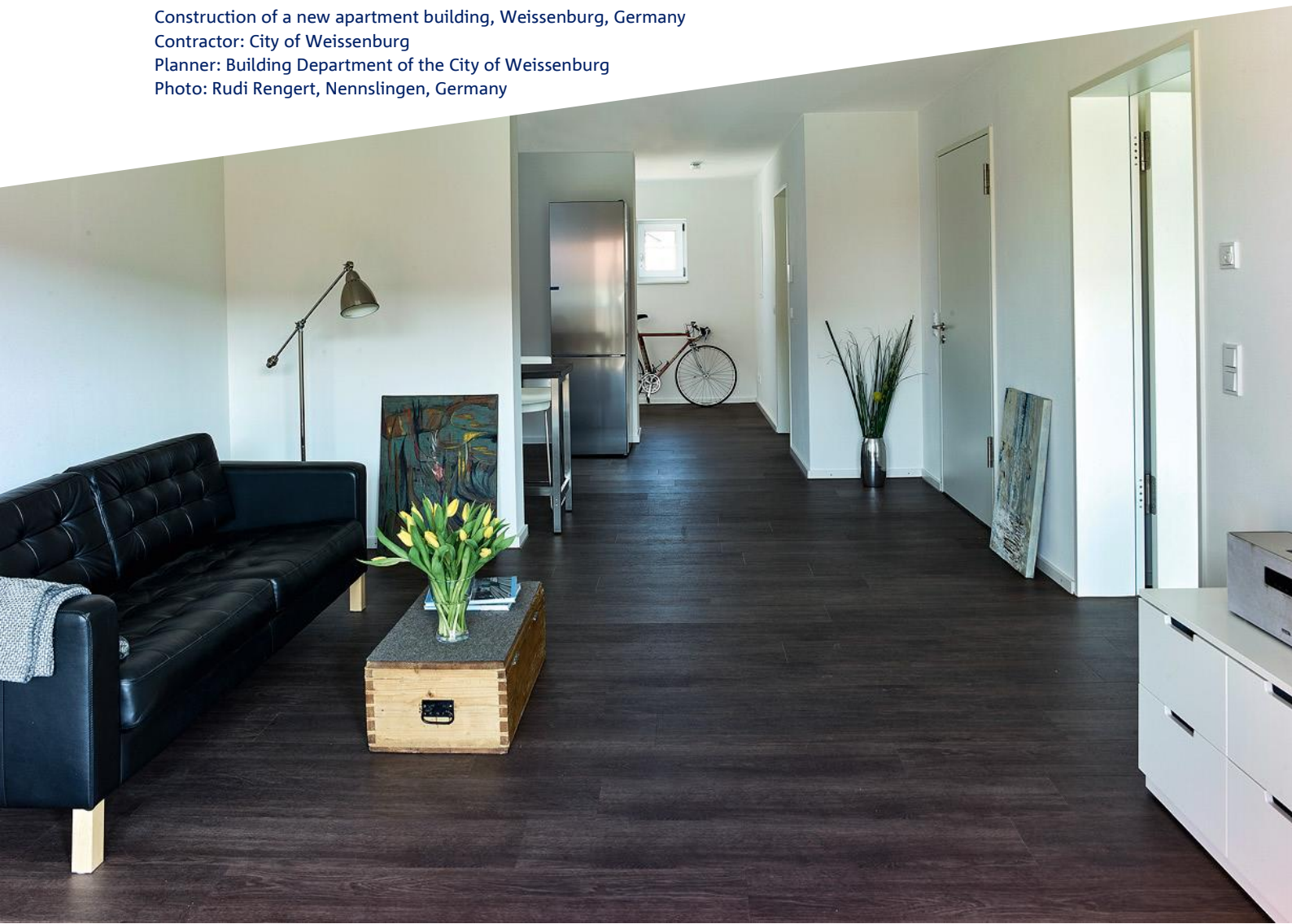
## Expenses

Administrative expenses jumped 24.9 percent or EUR 14.9 million to EUR 74.7 million (FY 2019: EUR 59.8 million). This increase is related to staff costs, that were EUR 13.2 million or 37.0 percent higher year on year at EUR 48.9 million. They were primarily due to additions to pension obligations amounting to EUR 24.7 million, which increased by EUR 8.7 million year on year. This was driven by an adjustment to the valuation parameters (a reduction in the discount rate, an increase in medical costs and adjustments to experience-based assumptions).

Operating expenses of EUR 25.8 million, which were marked in particular by running costs for information technology, climbed EUR 1.7 million year on year (7.1 percent).

The positive net of other income and expenses amounting to EUR 2.5 million rose sharply on the year before and resulted in an improvement of EUR 8.2 million. This item includes expenses reimbursed by the Free State of Bavaria for activities in relation to Bavarian Baukindergeld Plus and the Bavarian Home Ownership Subsidy.

Construction of a new apartment building, Weissenburg, Germany  
Contractor: City of Weissenburg  
Planner: Building Department of the City of Weissenburg  
Photo: Rudi Rengert, Nennslingen, Germany



The risk provisions/gains or losses on measurement item includes expenses of EUR 0.2 million (FY 2019: EUR 1.3 million) for provisions to cover expected declines in proceeds from internally funded programmes. This figure reflects BayernLabo's discounted interest rate from development programmes that BayernLabo provides to fulfil its development mandate.

### Gains or losses

Gains or losses on ordinary activities totalled EUR 14.9 million in FY 2020 (FY 2019: EUR 25.5 million).

### Financial position

BayernLabo's total assets fell by 1.3 percent or EUR 272.4 million to EUR 21,132.6 million in the reporting year.

#### Assets (selected items)

EUR million	2020	2019	Change	
			absolute	in %
Due from banks	1,204.5	1,427.9	(223.4)	(15.7)
Due from customers	14,192.3	14,337.1	(144.8)	(1.0)
Bonds, notes and other fixed-income securities	279.0	274.9	4.1	1.5
Assets held in trust	5,237.6	5,083.0	154.6	3.0

As part of asset/liability management, the due from banks item shrank by EUR 223.4 million to EUR 1,204.5 million as at 31 December 2020.

Due from customers fell by a total of EUR 144.8 million to EUR 14,192.31 billion. Good new business in housing development and municipal lending could not fully offset the scheduled repayments in the state lending business of almost EUR 600 million.

Assets held in trust increased EUR 154.6 million to EUR 5,237.6 million, driven by growth in the portfolio of fiduciary business in Bavaria.

#### Liabilities (selected items)

EUR million	2020	2019	Change	
			absolute	in %
Due to banks	5,326.6	5,145.9	180.7	3.5
Due to customers	3,776.8	3,979.8	(203.0)	(5.1)
Securitised liabilities	4,483.0	4,803.1	(320.1)	(6.7)
Liabilities held in trust	5,237.6	5,083.0	154.6	3.0
Provisions	109.1	261.4	(152.3)	(58.3)
Own funds	2,189.7	2,120.3	69.4	3.3



**Demolition and reconstruction  
of Oberschätzlhaus, Gars a. Inn, Germany**  
Contractor: Gars a. Inn market town (Markt Gars a. Inn)  
Planner: Aris Architekten, Kraiburg am Inn, Germany  
Photo: Josef Anglhuber, Kraiburg am Inn, Germany

In line with the asset side, the corresponding funding on the liabilities side of the balance sheet declined as well. An increase of EUR 180.7 million in due to banks (KfW, BayernLB, Landwirtschaftliche Rentenbank) to EUR 5,326.6 million was offset by a decrease of EUR 203.0 million in due to customers to EUR 3,776.8 million and of EUR 320.1 million in securitised liabilities to EUR 4,483.0 million.

Provisions for pensions and similar obligations fell by 65.7 percent or EUR 148.9 million to EUR 77.6 million. The reason for the reduction in the balance sheet is that the pension obligations were outsourced as part of the CTA.

## Summary assessment

BayernLabo's results of operations in financial year 2020 were satisfactory. The financial position was sound and the liquidity base was comfortable throughout the reporting period.

## Human resources

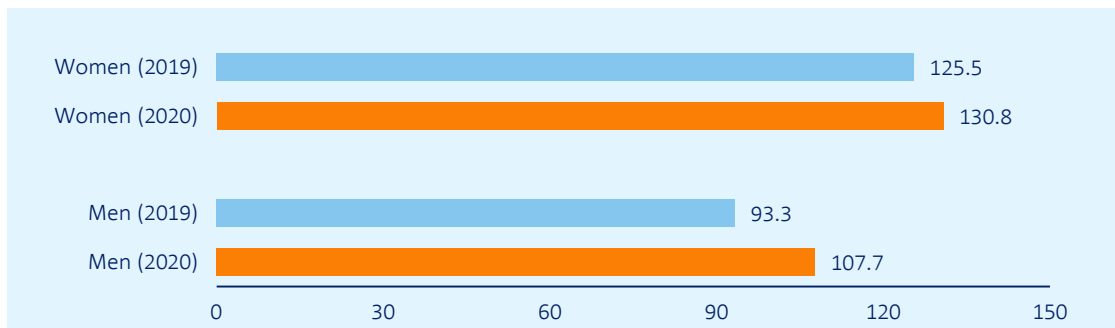
Well qualified and motivated staff are key to BayernLabo's future success. Continual training and support ensures that current and future challenges can be overcome. It was still possible to offer this during the Covid-19 pandemic, as BayernLabo had access to suitable digital infrastructure.

The majority of employees were working from home from March 2020 onwards, which enabled activities to be maintained seamlessly by flexibly adjusting work processes. A safe working environment was ensured for employees on site by implementing strict hygiene measures.

As at 31 December 2020, a total of 271 employees equating to 238.5 full time equivalents were employed at BayernLabo (as at 31 December 2019: 248 employees or 218.8 FTE). The rise in personnel was to a large extent related to transferring temporary staff to permanent contracts in "Bavarian Home Ownership Subsidy/Bavarian Baukindergeld Plus".

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### Gender breakdown at BayernLabo (full-time equivalents)



The part time ratio of 36.9 percent remained almost unchanged year on year (FY 2019: 36.7 percent). 100 employees took advantage of the part-time option in the financial year. This high rate demonstrates the great flexibility of both the employees and the company.

In addition, BayernLabo prides itself on high employee loyalty, with an average length of service of 20 years.

Photo on next page:  
Conversion of a former school building, Offenberg, Germany  
Contractor: Municipality of Offenberg  
Planner: Georg Lorenz Architekturbüro, Deggendorf, Germany  
Photo: Johanna Stoewer, Government of Lower Bavaria (Regierung von Niederbayern)





A decorative graphic consisting of two overlapping triangles. The left triangle is blue and points downwards. The right triangle is orange and points upwards. They meet at a central point.

# 09 Outlook

# Outlook

## Economic environment

In 2021, the health of the economy will continue to be dominated by Covid-19 and the political measures to combat the pandemic and provide economic support. After a weak and volatile first half of the year, the global economy should (with the expected roll-out of vaccinations and easing of lockdowns) enter a stable period of recovery, which will then significantly gather pace. Compared with North America and Europe, the upturn is likely to happen faster in Asia, where countries brought the spread of the virus under control with strict quarantines and the systematic tracking and tracing of chains of infection.

In spite of the still elevated political uncertainty, it is not expected there will be any escalation of disputes that would substantially put the global economic recovery at risk. To prevent economies from collapsing again, monetary and fiscal policy will remain very accommodative over all forecast horizons, with all the usual consequences this will entail for central bank balance sheets and levels of public debt. It is probable that the ECB and the Federal Reserve (Fed) will leave policy rates alone but will expand liquidity packages to keep the cost of borrowing low.

In the first half of 2021, in which the effects of the pandemic will still be very much evident, the German economy will be stabilised by the fact that industry accounts for a comparatively large share of value creation. This sector has adjusted well to manufacturing goods under health and safety measures to protect against infection, while the usually less volatile services sector has been suffering badly under the lockdowns. Industry order books are now fuller than before the crisis and manufacturing is likely to reach this level over the course of 2021. In the second half of the year, the services sector is then set to play its role in driving forward the recovery. A significant tailwind is also likely to come from exports once again. Brexit will, however, probably have a relatively small impact on the export trade. The reaching of a post-Brexit agreement at the end of the 2020 eliminated the risk of a disorderly exit by the United Kingdom from the EU's single market and the customs union. Although importing and exporting companies now have to grapple with more customs paperwork, most sectors are tariff free.

Real gross domestic product (adjusted for working days) is expected to rise by 3.1 percent on the previous year, while economic output and investment levels will still be well below pre-crisis levels. A significant rise in company insolvencies in 2021 would probably cause a moderate increase in the unemployment rate to 6.5 percent, although short-time working will prevent an even more serious situation from developing and stabilise incomes. After rising strongly in 2020, a now normalising savings ratio will also help private consumption fire up the recovery in Germany. After the pandemic is over, expansionary fiscal stimuli combined with a boost to disposable incomes from the plunge in oil and energy prices that has since occurred in Germany and the eurozone should bring about positive quarterly growth again from the summer onwards. The positive catch-up effect is, however, likely to be constrained by the fact that the losses caused by the cancellation of many events and lack of spending in the hotel and catering industries will not be made up once the pandemic subsides.

Germany's inflation rate is likely to be much higher than it was in 2020 due to the economy's lower capacity utilisation and a moderate oil price. The reasons for this are one-off effects like the temporary suspension of VAT in the second half of 2020 (base effect) and





Modernisation of  
Johann-Michael-Sailer-Gymnasium,  
Dillingen a. d. Donau, Germany  
Contractor: Landratsamt (District Administration Office) Dillingen a. d. D  
Planner: Dömges Architekten AG, Regensburg, Germany  
Photo: Landratsamt (District Administration Office) Dillingen a. d. D

the introduction of the CO<sub>2</sub> tax at the start of 2021. With average price rises of 2 percent compared with the previous year, the ECB's inflation target will probably be met in Germany. However, the average rate of inflation in the eurozone is likely to be significantly below this, so the ECB will keep its monetary policy loose.

Because of its closer trading ties to the United Kingdom, the USA and China, Bavaria is somewhat more heavily dependent on global and geopolitical developments than the German economy as a whole. The region also benefits from having a strong industrial base, although a large part of this is the cyclical car industry, which has been affected more than other sectors of the economy from interruptions in supply chains and a collapse in demand, and which also must manage the task of transitioning to electric mobility over the course of a number of years. Both factors are also likely to weigh on the first half of 2021 too, but then contribute to the recovery. In overall terms, economic output in Bavaria should increase at roughly the same rate as the average for the rest of the Federal Republic.

The biggest risks to Germany's economic health in 2021 are pandemic-related. An aggressive or resistant mutation in the Covid-19 virus, slow vaccination rates and the long lockdowns this would trigger would prove fatal to small and medium-size companies in particular. The expected wave of insolvencies could be much worse in such a scenario. Moreover, the trade dispute between the USA and China is not likely to go away, even under the recently installed President Biden. A big sell-off on overbought financial markets and rising risk aversion in the real estate market could also trip up the economy.



The opportunities are a more effective or rapid expansion of dovish monetary and fiscal policy in the currency union, rapid containment of the Covid-19 pandemic and an unexpectedly fast and sustainable solution in the trade dispute. An even greater upscaling of green investment is another potential opportunity for the economy in 2021.

### **BayernLabo's future performance**

The very sluggish growth rates combined with the pressures in relation to the Covid-19 pandemic in 2020 are unlikely to have any serious impact on BayernLabo in light of its state guarantee. The willingness to invest in residential construction and municipal facilities in Bavaria remains intact.

Due to BayernLabo's sound business model and clearly defined business strategy, only very minor risks are entered into and opportunities arising from unexpected developments can be seized.

BayernLabo sees opportunities, especially if the economic conditions related to interest rates turn out better than expected. Above all, a rise in interest rates would make BayernLabo an even more attractive business partner in the lending business on the market and this would in turn boost net interest income.

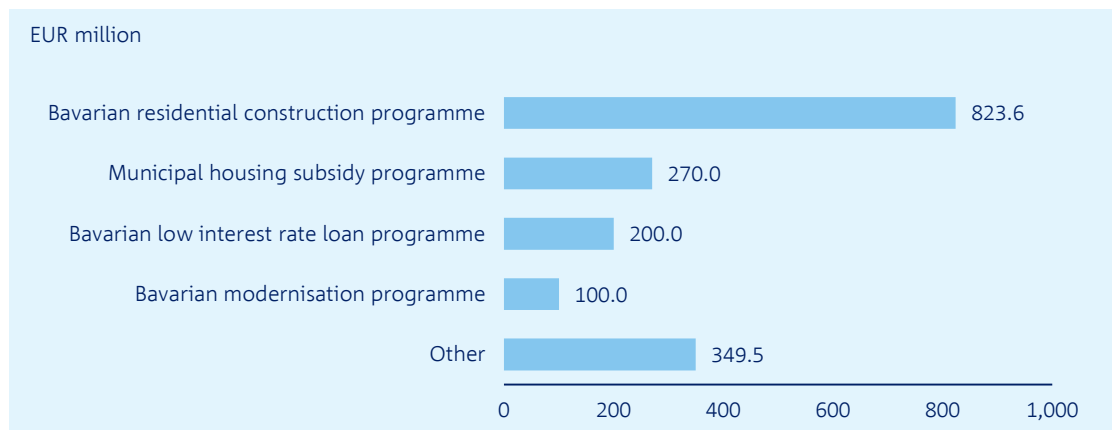
Conversely, if interest rates were to fall further, the effects would include charges from the necessary increase in pension provisions and a corresponding rise in staff costs.

The owner, the Free State of Bavaria, generally stipulates the development programmes and the respective quotas for BayernLabo; the latter has no influence on the volumes.

### **Housing development**

The joint efforts of the German Government, states and municipalities and incentives of the Bavarian State Government are intended to encourage private and municipal investors to create affordable housing for the long term. Nevertheless, the persistently low interest rates, high real estate prices, the lack of building plots and the high capacity utilisation of construction companies and tradespeople dampens commitments.

### Planning of new commitments and grants for 2021



In 2021, a subsidy limit of EUR 823.6 million (EUR 140 million of which from BayernLabo's special purpose assets) is available under the Bavarian residential construction programme.

Around EUR 270 million has been provided in the Bavarian state budget for the municipal subsidised housing programme, which will be used as investment grants and funds to discount interest rates.

BayernLabo is providing an internally funded contribution of up to EUR 5 million, which will be charged against the earnings for 2021, to subsidise the Bavarian low interest rate loan programme (EUR 200 million), the Bavarian modernisation programme (EUR 100 million) and the municipal subsidised loan business. This will enable BayernLabo to continue offering tailored subsidy quotas for the respective development programmes. BayernLabo manages the utilisation of grants by adjusting the end borrower rate and the respective discounted interest rate on an ongoing basis. In addition, the Free State of Bavaria continues to provide additional investment grants under the Bavarian modernisation programme.

EUR 50 million are available for the loan programme to create energy-efficient rental housing.

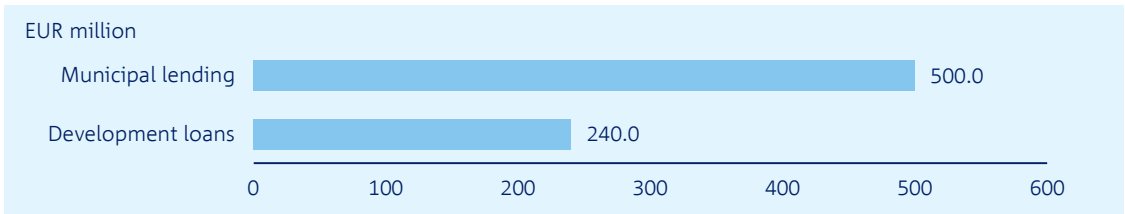
The planning included EUR 32.5 million and EUR 20 million respectively for student housing subsidies and loans for promoting affordable housing.

The development programme for condominium owners' associations (Wohnungseigentümergeinschaften - WEG) to subsidise structural modernisation activities, restorations and upgrades to energy efficiency, as well as low-barrier and barrier-free adaptations to the communal property was planned in with a subsidy volume of EUR 20 million.

Additional loans and grants of EUR 227 million were also taken into account.

## Municipal lending business

### Planning of new commitments and grants for 2021



BayernLabo is planning with a new business volume of EUR 500 million in traditional municipal lending. Covid-19-related tax deficits and additional expenditure mean that municipalities will only be able to finance investment in municipal infrastructure with increasing levels of indebtedness. From this perspective, demand for municipal loans will only remain high temporarily. This assumes, however, that tax deficits in the municipalities will be at least partly compensated by the German federal government and the Free State of Bavaria. In future, additional pressure will come from the fact that other development banks are already offering subsidised loans at negative interest rates.

Lending volume of EUR 240 million is planned in state-subsidised business. Investkredit Kommunal Bayern, with its wide-ranging application, will again account for the majority of the lending volume in subsidised loans. Demand for Energiekredit Kommunal Bayern is expected to remain stable. Inklusionskredit Kommunal Bayern rounds off the spectrum of subsidies.



# 10 General information on BayernLabo



# General information on BayernLabo

BayernLabo is a legally dependent but organisationally and financially independent body within Bayerische Landesbank Munich (BayernLB). An entity charged with implementing government housing policy, it bundles the bank-specific operations that are necessary for furthering residential construction and urban development. BayernLabo carries out its activities on a non-competitive basis. It is run under the supervisory authority of the Bavarian Ministry of Finance and Regional Identity in accordance with Art. 17 para. 1 BayLaBG.

Pursuant to Article 20 para. 1 of BayLaBG, the Law on Bayerische Landesbank, BayernLabo has a state mandate to financially subsidise the plans of natural persons and legal entities under private or public law, as well as other measures to improve and strengthen Bavaria's housing and settlement structure, within the context of its housing policy and in line with the state-aid provisions of the European Community.

To fulfil its mandate, BayernLabo may carry out financing in the following areas:

- Subsidised housing
- Subsidies for housing and settlement matters
- Subsidies for the housing industry
- Subsidies for infrastructure measures to support housing policy aims
- Subsidies for the structural development of towns and municipalities
- Subsidies for housing policy measures to develop structurally weak regions
- Subsidies for other measures, insofar as these are designated in laws, regulations or published guidelines and are transferred to Bayerische Landesbodenkreditanstalt from the Free State of Bavaria

Based on Art. 20 para. 2 BayLaBG, as a municipal lending bank of the Free State of Bavaria, it also provides financing to Bavarian local authorities and public-sector special purpose associations.

Under Art. 20 para. 3 BayLaBG, the Bavarian State Government can transfer other business to BayernLabo.

Pursuant to Art. 22 para. 2 BayLaBG, the Free State of Bavaria is directly liable for the liabilities assumed by BayernLabo.

With the agreement of 6/12 June 1991, BayernLabo took responsibility for granting and managing the Free State of Thuringia's funds for residential construction and urban development. These tasks have been gradually transferred to Thüringer Aufbaubank. BayernLabo continues to manage the funds granted by this bank.

In September 2020, BayernLB's Supervisory Board appointed Mr Gero Bergmann to the Board of Management of BayernLB to succeed Dr Edgar Zoller as at 1 April 2021. After 12 successful years serving the Board of Management, Dr Zoller will retire when his contract expires at the end of April 2021.

## Administrative bodies

### BayernLabo Committee

Pursuant to Section 24a of BayernLB's Statutes, a committee must be formed from the BayernLB Supervisory Board to deal with matters pertaining to BayernLabo. This committee will take all decisions relating to BayernLabo that are within the remit of the Supervisory Board.

#### Harald Hübner

Chairman of the BayernLabo Committee  
Deputy Secretary  
Bavarian State Ministry of Finance and  
Regional Identity, Munich, Germany

#### Judith Steiner

Deputy Chairman of the  
BayernLabo Committee  
Under Secretary  
Bavarian State Ministry of Finance and  
Regional Identity, Munich, Germany

#### Dr Roland Fleck

Managing Director  
NürnbergMesse GmbH, Nuremberg,  
Germany

#### Dr Kurt Gribl

Former Lord Mayor, Augsburg, Germany

#### Dr Thomas Langer

Under Secretary  
Bavarian State Ministry of Economic Affairs,  
Regional Development and Energy, Munich,  
Germany

## **Board of Management (including allocation of responsibilities)**

### **Stephan Winkelmeier**

CEO  
Corporate Center  
Deutsche Kreditbank Aktiengesellschaft  
Group Treasury

### **Marcus Kramer**

CRO  
Risk Office

### **Michael Bücker**

Corporates & Markets

### **Dr Edgar Zoller**

Deputy CEO  
Real Estate & Savings Banks/  
Financial Institutions  
Bayerische Landesbodenkreditanstalt  
Real I.S. AG Gesellschaft für Immobilien  
Assetmanagement  
BayernInvest Kapitalverwaltungs-  
gesellschaft mbH

### **Dr Markus Wiegelmann**

CFO/COO  
Financial Office  
Operating Office

## **Pursuant to Section 24 para. 1 of BayernLB's Statutes, the following members of the Board of Management are responsible for managing BayernLabo:**

### **Dr Edgar Zoller**

Head of Board of Management segment for  
BayernLabo

### **Michael Bücker**

Deputy for BayernLabo

## **Pursuant to Art. 19 of the Law on Bayerische Landesbank, BayernLabo's business is managed by a management team. In the reporting year the management team consisted of:**

### **Dr Ulrich Klein**

Spokesperson of BayernLabo Management

### **Christian Wunderlich**

Member of BayernLabo Management

### **Dr Jürgen Hartwig**

Member of BayernLabo Management



# 11 Notes



# Contents

<b>1 State-subsidised business in 2020 at a glance</b>	<b>87</b>
Tab. 1.1 State housing subsidies	87
Tab. 1.2 Internally funded subsidies	88
Tab. 1.3 Other subsidies	88
<b>2 Rental properties</b>	<b>89</b>
<b>Bavarian residential construction programme – income-based subsidies (IBS)</b>	<b>89</b>
Tab. 2.1 Breakdown of property and occupancy-related subsidies by area of approval	89
Tab. 2.2 Subsidies for construction of new rental homes by area of approval	89
Tab. 2.3 Rent per square metre of residential area per month	90
Tab. 2.4 Occupancy commitments	90
Tab. 2.5 Financing	90
Tab. 2.6 Contractors	90
<b>Bavarian residential construction programme – expenditure-based subsidies (EBS)</b>	<b>91</b>
Tab. 2.7 Details of subsidies (new builds and conversions)	91
<b>Bavarian residential construction programme – income and expenditure-based subsidies (IBS and EBS)</b>	<b>91</b>
Tab. 2.8 Breakdown of subsidised rental homes to IBS and EBS occupancy commitments	91
<b>Subsidies for student accommodation</b>	<b>92</b>
Tab. 2.9 Total subsidised loans	92
<b>Municipal housing subsidy programme</b>	<b>92</b>
Tab. 2.10 Municipal housing subsidy programme (KommWFP)	92
<b>Bavarian modernisation programme</b>	<b>93</b>
Tab. 2.11 Total subsidies by area of approval	93
<b>3 Owner-occupied homes</b>	<b>94</b>
<b>Bavarian residential construction programme – new builds and conversions</b>	<b>94</b>
Tab. 3.1 Loan commitments and average by area of approval and grants approved for households with children	94
Tab. 3.2 Ownership forms by area of approval	94
Tab. 3.3 Cost per square metre of residential area per month for home ownership measures	95
Tab. 3.4 Average loans by ownership forms	95
Tab. 3.5 Total costs and home sizes	95
Tab. 3.6 Financing	96
<b>Bavarian residential construction programme – purchase</b>	<b>96</b>
Tab. 3.7 Subsidies for the purchase of existing homes by area of approval	96
<b>Bavarian low interest rate loan programme</b>	<b>97</b>
Tab. 3.8 Approval amount and total costs by administrative district – combined subsidy	97
Tab. 3.9 Approval amount and total costs by administrative district – individual subsidy	97
Tab. 3.10 Structure after end of conditions lock-in – combined subsidy	98
Tab. 3.11 Structure after end of conditions lock-in – individual subsidy	98
Tab. 3.12 New builds and purchases by region category – combined subsidy	99
Tab. 3.13 New builds and purchases by region category – individual subsidy	99

<b>Income limit for subsidisation of owner-occupied homes</b>	<b>99</b>
Tab. 3.14 Income limit for subsidisation of owner-occupied homes with examples of corresponding annual gross income from 1 May 2018	99
<b>Bavarian Home Ownership Subsidy and Bavarian Baukindergeld Plus</b>	<b>100</b>
Tab. 3.15 Bavarian Home Ownership Subsidy – forms of ownership and types of measures by area of approval	100
Tab. 3.16 Bavarian Baukindergeld Plus – forms of ownership and types of measures by area of approval	101
<b>4 Subsidisation of condominium owners' associations</b>	<b>102</b>
Tab. 4.1 Total subsidies by area of approval	102
<b>5 Subsidisation of facilities for people with disabilities</b>	<b>103</b>
Tab. 5.1 Subsidies for construction of new residential spaces by area of approval	103
Tab. 5.2 Total costs and size of residential places by areas of approval	104
<b>6 BayernLabo municipal development programmes in conjunction with the development bank KfW</b>	<b>105</b>
Tab. 6.1 Investkredit Kommunal Bayern (subsidisation of investments in general municipal and social infrastructure)	105
Tab. 6.2 Energiekredit Kommunal Bayern (subsidisation of investments in energy-related modernisation of municipal and social infrastructure)	105
<b>7 BayernLabo loan and grant commitments</b>	<b>106</b>
Tab. 7.1 BayernLabo loan and grant commitments	106
<b>8 Legal basis</b>	<b>110</b>
Picture credits	113
Imprint	116
Unsubscribe	116
Your contacts	117

# 1 State-subsidised business in 2020 at a glance

Tab. 1.1 State housing subsidies

Subsidies as per BayWoFG	Ownership measures	Rental homes	Total homes			Residential places		
			2020	2019	Change	2020	2019	Change
<b>Amortising loan</b>								
Owner-occupied homes								
New builds	402	–	402	620	(218)	–	–	–
Purchases	1,062	–	1,062	1,258	(196)	–	–	–
Rental housing								
Income-based subsidies	–	3,224	3,224	3,727	(503)	–	–	–
Expenditure-based subsidies	–	19	19	48	(29)	–	–	–
Disability plan							37	(37)
	<b>1,464</b>	<b>3,243</b>	<b>4,707</b>	<b>5,653</b>	<b>(946)</b>	<b>–</b>	<b>37</b>	<b>(37)</b>
<b>Conditionally non-repayable loans</b>								
Subsidies for student accommodation	–	–	–	–	–	273	1,170	(897)
Disability plan	–	–	–	–	–	160	201	(41)
Structural adaptations for sick and severely disabled people	2,685	219	2,904	3,071	(167)	–	–	–
	<b>2,685</b>	<b>219</b>	<b>2,904</b>	<b>3,071</b>	<b>(167)</b>	<b>433</b>	<b>1,371</b>	<b>(938)</b>
Subsidy only as a grant in the disability plan	–	–	–	–	–	256	171	85
<b>Total</b>	<b>4,149</b>	<b>3,462</b>	<b>7,611</b>	<b>8,724</b>	<b>(1,113)</b>	<b>689</b>	<b>1,579</b>	<b>(890)</b>

Tab. 1.2 Internally funded subsidies

Low-interest rate loans from own funds and funds of the KfW/the German government	Ownership measures	Rental homes	Total homes			Residential places		
			2020	2019	Change	2020	2019	Change
<b>Bavarian low interest rate loan programme</b>								
Combined subsidy	[1,105]	–	[1,105]	[1,354]	[(249)]	–	–	–
Individual subsidy	225	–	225	267	(42)	–	–	–
	<b>225</b>	<b>–</b>	<b>225</b>	<b>267</b>	<b>(42)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Loan programme to create energy-efficient rental housing</b>		[790]	[790]	[156]	[634]	–	–	–
<b>Bavarian modernisation programme</b>								
Rental housing	–	819	819	662	157	–	–	–
In-patient care facilities	–	–	–	–	–	–	187	(187)
Condominium owners' associations	–	460	460	1,417	(957)	–	–	–
Leasehold flats	–	250	250	32	218	–	–	–
	<b>–</b>	<b>1,529</b>	<b>1,529</b>	<b>2,111</b>	<b>(582)</b>	<b>–</b>	<b>187</b>	<b>(187)</b>
<b>Municipal housing subsidy programme</b>								
Combined subsidy (loans and grants)	–	688	688	684	4	–	–	–
Subsidy only as a grant	–	545	545	371	174	–	–	–
	<b>–</b>	<b>1,233</b>	<b>1,233</b>	<b>1,055</b>	<b>178</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>225</b>	<b>2,762</b>	<b>2,987</b>	<b>3,433</b>	<b>(446)</b>	<b>–</b>	<b>187</b>	<b>(187)</b>

The homes in square brackets receive additional subsidies under the Bavarian residential construction programme. These figures are shown for information purposes only and are not included in the totals.

Tab. 1.3 Other subsidies

Low-interest rate loans from own funds and funds of the KfW/the German government	Ownership measures	Rental homes	Total homes			Residential places		
			2020	2019	Change	2020	2019	Change
Loans for promoting affordable housing	–	169	169	443	(274)	–	–	–
<b>Total</b>	<b>–</b>	<b>169</b>	<b>169</b>	<b>443</b>	<b>(274)</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 2 Rental properties

### Bavarian residential construction programme – income-based subsidies (IBS)

Tab. 2.1 Breakdown of property and occupancy-related subsidies by area of approval

Granted for new builds and conversions in	As a property-related subsidy	As an occupancy-related subsidy
	EUR million	EUR million
Munich	48.7	36.1
Nuremberg	16.5	18.3
Augsburg	20.1	15.9
Upper Bavaria	42.7	44.0
Lower Bavaria	18.4	10.1
Upper Palatinate	24.6	14.8
Upper Franconia	9.1	5.5
Middle Franconia	29.7	20.6
Lower Franconia	16.4	11.9
Swabia	22.3	15.8
<b>Jointly</b>	<b>248.5</b>	<b>193.0</b>

Tab. 2.2 Subsidies for construction of new rental homes by area of approval

	Subsidised homes		Average loan per home	Total costs		Average - home size	Average rent per m <sup>2</sup>	Grants in fiduciary business
	RU	Loans		per home	per m <sup>2</sup> of residential area			
	EUR	EUR		EUR	EUR			
Munich	707	84,751,100	119,874	323,543	4,489	72	5.94	13,310,200
Nuremberg <sup>1</sup>	251	34,771,400	138,531	321,337	4,210	76	5.32	5,747,300
Augsburg	232	36,011,800	155,223	349,263	5,139	68	7.78	4,729,800
Upper Bavaria	573	84,360,900	147,227	283,158	4,458	64	6.17	10,978,700
Lower Bavaria	231	28,445,300	123,140	261,209	3,813	68	5.00	4,751,700
Upper Palatinate	312	37,921,000	121,542	264,900	3,985	66	6.44	6,221,200
Upper Franconia	146	14,521,300	99,461	174,303	3,529	49	5.56	2,163,700
Middle Franconia	355	50,234,000	141,504	280,008	4,044	69	5.41	7,429,100
Lower Franconia	120	17,709,900	147,583	383,768	5,040	76	6.24	2,604,100
Swabia <sup>1</sup>	295	36,929,700	125,185	242,593	3,815	64	6.06	5,636,500
<b>Jointly</b>	<b>3,222</b>	<b>425,656,400</b>	<b>132,109</b>	<b>291,166</b>	<b>4,293</b>	<b>68</b>	<b>5.95</b>	<b>63,572,300</b>
Subsequent and residual approvals <sup>2</sup>	2	15,797,380						<b>5,759,880</b>
<b>Total</b>	<b>3,224</b>	<b>441,453,780</b>						<b>69,332,180</b>
The subsidies for subsequent and residual approvals are composed as follows:								
Munich	2	49,500						–
<b>Total</b>	<b>2</b>	<b>49,500</b>						–

<sup>1</sup> Of which subsidised with “indirect occupancy”: Nuremberg: 20 indirectly committed homes (0 new builds not bound), Sonthofen: 16 indirectly committed homes (23 new builds not bound).

<sup>2</sup> Following reduction by the additional subsidy.



**Tab. 2.3 Rent per square metre of residential area per month**

Rent in EUR	Percentage	
	2020	2019
Under 3.50	–	–
3.50 – 3.99	0.1	0.3
4.00 – 4.49	0.7	0.3
4.50 – 4.99	8.4	5.9
5.00 – 5.49	14.8	10.6
5.50 – 5.99	35.4	31.9
6.00 – 6.49	17.5	30.0
6.50 and more	23.1	21.0
	<b>100.0</b>	<b>100.0</b>

**Tab. 2.4 Occupancy commitments**

Including for	2020		2019	
	RU	%	RU	%
Young married couples	–	–	–	–
Large families	115	3.6	129	3.5
Elderly persons	152	4.7	39	1.1
Severely disabled	36	1.1	45	1.2
Pregnant women	–	–	–	–
Single parents	4	0.1	5	0.1
Recognised refugees	–	–	–	–
Other persons with unsuitable accommodation	2,915	90.5	3,500	94.1
	<b>3,222</b>	<b>100.0</b>	<b>3,718</b>	<b>100.0</b>

**Tab. 2.5 Financing**

in %	2020	2019
Borrowing (capital market and other borrowing)	22.8	15.5
Federal and state funds	45.4	47.9
Other funding from public funds	7.9	10.0
Genuine subsidies from own funds	21.7	24.3
Replacement subsidies from own funds	2.2	2.3
	<b>100.0</b>	<b>100.0</b>

**Tab. 2.6 Contractors**

	Rental homes		Loans	
	Number	%	EUR	%
Private-sector contractors	163	5.1	19,302,800	4.5
Housing companies	1,321	41.0	187,422,100	44.0
Other contractors	627	19.5	78,397,700	18.4
Public-sector contractors	1,111	34.5	140,533,800	33.0
<b>Jointly</b>	<b>3,222</b>	<b>100.0</b>	<b>425,656,400</b>	<b>100.0</b>

## Bavarian residential construction programme – expenditure-based subsidies (EBS)

Tab. 2.7 Details of subsidies (new builds and conversions)

Construction projects		Subsidised		Average loan per home	Total costs		Average home size	Average rent per m <sup>2</sup>	General grant
		homes	Loans		per home	per m <sup>2</sup> of residential area			
		RU	EUR	EUR	EUR	EUR	m <sup>2</sup>	EUR	EUR
92685 Floß, Plankenhammer 23	New builds	10	1,689,200	168,920	222,904	3,254	69	4.96	205,500
<b>Upper Palatinate</b>		<b>10</b>	<b>1,689,200</b>	<b>168,920</b>	<b>222,904</b>	<b>3,254</b>	<b>69</b>	<b>4.96</b>	<b>205,500</b>
91608 Geslau, Stettberg 28	Modifications to buildings	6	290,000	48,333	101,138	1,438	70	4.85	126,600
91728 Gnotzheim, Kirchenbuck 7	New builds	3	60,700	20,233	226,667	2,006	113	5.36	101,800
<b>Middle Franconia</b>		<b>9</b>	<b>350,700</b>	<b>38,967</b>	<b>142,981</b>	<b>1,691</b>	<b>85</b>	<b>5.02</b>	<b>228,400</b>
<b>Bavaria</b>		<b>19</b>	<b>2,039,900</b>	<b>107,363</b>	<b>185,046</b>	<b>2,431</b>	<b>76</b>	<b>4.98</b>	<b>433,900</b>
Subsequent and residual approvals			–						–
<b>Total</b>			<b>2,039,900</b>						<b>433,900</b>

## Bavarian residential construction programme – income and expenditure-based subsidies (IBS and EBS)

Tab. 2.8 Breakdown of subsidised rental homes to IBS and EBS occupancy commitments

	Subsidised rental homes	Of which with a 25-year occupancy commitment	Of which with a 40-year occupancy commitment
Munich <sup>1</sup>	707	102	605
Nuremberg	251	251	–
Augsburg	232	24	208
Upper Bavaria	573	450	123
Lower Bavaria	231	231	–
Upper Palatinate	322	312	10
Upper Franconia	146	90	56
Middle Franconia	364	228	136
Lower Franconia	120	89	31
Swabia	295	295	–
<b>Jointly</b>	<b>3,241</b>	<b>2,072</b>	<b>1,169</b>

<sup>1</sup> The figure does not include two rental homes approved subsequently.

## Subsidies for student accommodation

Tab. 2.9 Total subsidised loans

	Places in student halls of residence	State funds	
	Number	EUR	Type
83022 Rosenheim, Kapuzinerweg 4	60	1,962,600	New builds
94032 Passau, Spitalhofstr. 30	30	992,000	New builds
94469 Deggendorf, Untere Himmelreichstr. 10	2	64,000	Subsequent approval
97074 Würzburg, Klara-Oppen- heimer-Weg FL-Nr. 3066/139	181	6,523,700	New builds
<b>Jointly</b>	<b>273</b>	<b>9,542,300</b>	

## Municipal housing subsidy programme

Tab. 2.10 Municipal housing subsidy programme (KommWFP)

Administrative district	Grant subsidy		Combined subsidy			Total costs EUR
	Subsidised rental housing	Grants	Subsidised rental housing	Loans	Grants	
		EUR		EUR	EUR	
Upper Bavaria	375	46,938,200	490	89,764,400	65,036,000	352,972,542
Lower Bavaria	99	6,726,000	56	5,836,400	3,281,700	35,391,866
Upper Palatinate	14	896,700	32	4,636,000	2,496,700	11,738,732
Upper Franconia	48	3,192,200	6	630,900	322,500	12,062,956
Middle Franconia	9	600,600	43	5,339,400	3,188,100	12,724,809
Lower Franconia	–	–	13	3,198,500	1,600,400	6,740,331
Swabia	–	–	48	7,890,000	5,109,600	22,041,539
<b>Jointly</b>	<b>545</b>	<b>58,353,700</b>	<b>688</b>	<b>117,295,600</b>	<b>81,035,000</b>	<b>453,672,775</b>

## Bavarian modernisation programme

Tab. 2.11 Total subsidies by area of approval

	Rental homes			
	Flats	%	Loans	Grants
Munich	–	–	–	–
Nuremberg	–	–	–	–
Augsburg	388	47.4	17,144,800	2,389,700
Upper Bavaria	10	1.2	1,274,700	68,700
Lower Bavaria	–	–	–	–
Upper Palatinate	101	12.3	10,323,100	692,700
Upper Franconia	111	13.6	6,045,000	703,000
Middle Franconia	175	21.4	15,273,455	1,274,955
Lower Franconia	14	1.7	2,581,300	112,600
Swabia	20	2.4	1,425,800	144,200
<b>Jointly</b>	<b>819</b>	<b>100.0</b>	<b>54,068,155</b>	<b>5,385,855</b>

# 3 Owner-occupied homes

## Bavarian residential construction programme – new builds and conversions

Tab. 3.1 Loan commitments and average by area of approval and grants approved for households with children

	Subsidised homes		Loans		Average loan per home	Grants for households with children	Additional grants
	Number	%	EUR	%	EUR	EUR	EUR
Munich	18	4.5	900,000	4.0	50,000	155,000	–
Nuremberg	10	2.5	880,000	3.9	88,000	85,000	–
Augsburg	3	0.7	270,000	1.2	90,000	25,000	–
Upper Bavaria	64	15.9	4,106,600	18.4	64,166	730,000	30,000
Lower Bavaria	25	6.2	1,472,300	6.6	58,892	285,000	–
Upper Palatinate	32	8.0	1,381,500	6.2	43,172	365,000	30,000
Upper Franconia	42	10.4	2,004,500	9.0	47,726	405,000	–
Middle Franconia	77	19.2	5,358,000	24.0	69,584	790,000	–
Lower Franconia	44	10.9	1,688,200	7.6	38,368	535,000	81,300
Swabia	87	21.6	4,220,800	18.9	48,515	940,000	240,000
<b>Jointly</b>	<b>402</b>	<b>100.0</b>	<b>22,281,900</b>	<b>100.0</b>	<b>55,428</b>	<b>4,315,000</b>	<b>381,300</b>
Subsequent and residual approvals			116,000			15,000	–
<b>Total</b>			<b>22,397,900</b>			<b>4,330,000</b>	<b>381,300</b>

Potential deviations in the total are due to rounding.

Tab. 3.2 Ownership forms by area of approval

	Flats in family homes		Owner-occupied flats		All homes	
	Number	%	Number	%	Number	%
Munich	–	–	18	4.5	18	4.5
Nuremberg	8	2.0	2	0.5	10	2.5
Augsburg	2	0.5	1	0.2	3	0.7
Upper Bavaria	63	15.7	1	0.2	64	15.9
Lower Bavaria	22	5.5	3	0.7	25	6.2
Upper Palatinate	30	7.5	2	0.5	32	8.0
Upper Franconia	42	10.4	–	–	42	10.4
Middle Franconia	70	17.4	7	1.7	77	19.2
Lower Franconia	41	10.2	3	0.7	44	10.9
Swabia	81	20.1	6	1.5	87	21.6
<b>Jointly</b>	<b>359</b>	<b>89.3</b>	<b>43</b>	<b>10.7</b>	<b>402</b>	<b>100.0</b>

Potential deviations in the total are due to rounding.



**Tab. 3.3 Cost per square metre of residential area per month for home ownership measures**

Cost in EUR	Percentage		
	2020	2019	2018
Under 4.50	2.5	0.8	1.3
4.50 – 5.49	1.2	1.3	0.7
5.50 – 6.49	3.2	4.5	4.7
6.50 – 7.49	5.2	9.3	11.5
7.50 – 8.49	12.7	17.1	16.7
8.50 – 9.49	17.7	16.3	18.5
9.50 – 10.49	18.9	18.9	16.1
10.50 – 11.49	15.7	12.9	11.6
11.50 – 12.49	8.0	8.1	6.6
12.50 – 13.49	7.5	5.2	7.0
13.50 – 14.49	4.2	3.4	3.2
14.50 and more	3.2	2.2	2.1
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Tab. 3.4 Average loans by ownership forms**

EUR	2020	2019
<b>Subsidised with amortising loans</b>		
Flats in family homes	55,700	55,913
Owner-occupied flats	53,156	59,345

**Tab. 3.5 Total costs and home sizes**

	2020 (2019)		
	Total costs per home	Total costs per m <sup>2</sup> of residential area	Home size
Flats in family homes	480,301 (451,509)	3,537 (3,241)	136 (139)
Of which single-family homes	484,595 (454,449)	3,568 (3,258)	136 (139)
Of which two-family homes	393,910 (367,937)	2,924 (2,798)	135 (131)
Owner-occupied flats	444,173 (440,405)	4,646 (4,353)	96 (101)

**Tab. 3.6 Financing**

in %	Family homes	Owner-occupied flats	Jointly
Borrowing (capital market and other borrowing)	53.0	53.5	53.0
Federal and state funds	14.1	14.0	14.1
Other funding from public funds	11.5	12.4	11.6
Genuine subsidies from own funds	21.1	20.1	21.0
Replacement subsidies from own funds	0.3	–	0.3
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Bavarian residential construction programme – purchase

**Tab. 3.7 Subsidies for the purchase of existing homes by area of approval**

	Flats in family homes	Owner-occupied flats	Total homes		Amortising loans		Average loan per home	Grants for households with children	Additional grants
	RU	RU	RU	%	EUR	%	EUR	EUR	EUR
	Munich	2	1	3	0.3	150,000	0.3	50,000	35,000
Nuremberg	48	28	76	7.2	6,228,500	11.8	81,954	750,000	2,246,200
Augsburg	3	4	7	0.7	670,000	1.3	95,714	65,000	207,600
Upper Bavaria	61	19	80	7.5	5,139,350	9.7	64,242	940,000	2,303,900
Lower Bavaria	54	9	63	5.9	3,275,000	6.2	51,984	685,000	1,742,800
Upper Palatinate	53	3	56	5.3	1,916,200	3.6	34,218	585,000	1,450,600
Upper Franconia	161	7	168	15.8	7,443,600	14.0	44,307	1,740,000	4,030,400
Middle Franconia	187	26	213	20.1	10,503,300	19.8	49,311	2,190,000	6,038,500
Lower Franconia	115	14	129	12.1	4,917,000	9.3	38,116	1,390,000	3,447,000
Swabia	209	58	267	25.1	12,754,100	24.1	47,768	2,920,000	7,699,900
<b>Jointly</b>	<b>893</b>	<b>169</b>	<b>1,062</b>	<b>100.0</b>	<b>52,997,050</b>	<b>100.0</b>	<b>49,903</b>	<b>11,300,000</b>	<b>29,256,900</b>
Subsequent and residual approvals					5,000			10,000	–
<b>Total</b>					<b>53,002,050</b>			<b>11,310,000</b>	<b>29,256,900</b>

Potential deviations in the total are due to rounding.

## Bavarian low interest rate loan programme

Tab. 3.8 Approval amount and total costs by administrative district – combined subsidy

Administrative district	New builds			Purchases		
	Approval amount	Total costs	RU	Approval amount	Total costs	RU
	EUR	EUR	Number	EUR	EUR	Number
Upper Bavaria (including Munich)	9,309,100	37,539,531	68	8,017,800	31,100,850	63
Lower Bavaria	1,608,800	6,843,000	15	3,996,300	15,592,385	43
Upper Palatinate	2,563,900	12,008,586	28	4,452,800	16,175,680	45
Upper Franconia	2,739,500	10,835,772	26	7,475,400	28,529,599	98
Middle Franconia (including Nuremberg)	8,382,700	32,727,367	65	21,928,900	89,764,269	227
Lower Franconia	2,545,300	10,778,790	25	7,720,800	29,395,877	95
Swabia (including Augsburg)	9,678,500	34,778,910	69	28,382,400	101,701,448	238
<b>Jointly</b>	<b>36,827,800</b>	<b>145,511,956</b>	<b>296</b>	<b>81,974,400</b>	<b>312,260,108</b>	<b>809</b>

Tab. 3.9 Approval amount and total costs by administrative district – individual subsidy

Administrative district	New builds			Purchases		
	Approval amount	Total costs	RU	Approval amount	Total costs	RU
	EUR	EUR	Number	EUR	EUR	Number
Upper Bavaria (including Munich)	6,783,300	24,105,969	37	3,517,300	12,269,249	22
Lower Bavaria	643,000	2,332,440	5	185,000	557,000	1
Upper Palatinate	707,000	2,732,345	5	1,252,900	4,226,623	8
Upper Franconia	257,000	798,920	2	618,000	2,152,000	5
Middle Franconia (including Nuremberg)	6,838,400	22,785,938	39	3,798,500	12,050,670	28
Lower Franconia	1,130,000	3,813,150	8	408,600	1,343,500	3
Swabia (including Augsburg)	6,062,200	22,073,670	36	4,399,000	13,864,735	26
<b>Jointly</b>	<b>22,420,900</b>	<b>78,642,432</b>	<b>132</b>	<b>14,179,300</b>	<b>46,463,777</b>	<b>93</b>

**Tab. 3.10 Structure after end of conditions lock-in – combined subsidy**

Administrative district	10-year interest rate lock-in		15-year interest rate lock-in		30-year interest rate lock-in	
	RU	Approval amount	RU	Approval amount	RU	Approval amount
Munich	5	888,900	13	1,949,200	3	631,800
Nuremberg	1	15,000	38	3,895,900	18	2,181,200
Augsburg	3	193,800	6	867,500	1	114,000
Upper Bavaria	17	2,146,000	48	5,858,600	45	5,852,400
Lower Bavaria	6	481,400	37	3,649,300	15	1,474,400
Upper Palatinate	5	366,400	25	2,235,700	43	4,414,600
Upper Franconia	5	286,900	57	4,208,700	62	5,719,300
Middle Franconia	13	1,242,300	108	10,744,700	114	12,232,500
Lower Franconia	9	735,700	64	5,363,700	47	4,166,700
Swabia	22	2,677,900	97	12,215,200	178	21,992,500
<b>Jointly</b>	<b>86</b>	<b>9,034,300</b>	<b>493</b>	<b>50,988,500</b>	<b>526</b>	<b>58,779,400</b>

**Tab. 3.11 Structure after end of conditions lock-in – individual subsidy**

Administrative district	10-year interest rate lock-in		15-year interest rate lock-in		30-year interest rate lock-in	
	RU	Approval amount	RU	Approval amount	RU	Approval amount
Munich	–	–	5	783,600	2	329,700
Nuremberg	–	–	3	535,700	–	–
Augsburg	5	888,300	2	423,000	1	179,400
Upper Bavaria	4	682,800	42	7,537,900	6	966,600
Lower Bavaria	–	–	5	698,000	1	130,000
Upper Palatinate	1	162,900	9	1,303,500	3	493,500
Upper Franconia	–	–	6	745,000	1	130,000
Middle Franconia	8	1,218,200	34	5,491,400	22	3,391,600
Lower Franconia	1	55,000	9	1,338,600	1	145,000
Swabia	8	1,495,100	32	5,302,100	14	2,173,300
<b>Jointly</b>	<b>27</b>	<b>4,502,300</b>	<b>147</b>	<b>24,158,800</b>	<b>51</b>	<b>7,939,100</b>

**Tab. 3.12 New builds and purchases by region category – combined subsidy**

	New builds		Purchases	
	RU	EUR	RU	EUR
Region category 1	21	3,412,000	9	1,772,900
Region category 2	59	7,937,400	273	30,428,900
Region category 3	95	12,466,600	248	25,128,100
Region category 4	121	13,011,800	279	24,644,500
<b>Jointly</b>	<b>296</b>	<b>36,827,800</b>	<b>809</b>	<b>81,974,400</b>

**Tab. 3.13 New builds and purchases by region category – individual subsidy**

	New builds		Purchases	
	RU	EUR	RU	EUR
Region category 1	9	1,474,300	3	493,800
Region category 2	39	7,222,400	37	6,057,800
Region category 3	42	7,132,400	30	4,340,500
Region category 4	42	6,591,800	23	3,287,200
<b>Jointly</b>	<b>132</b>	<b>22,420,900</b>	<b>93</b>	<b>14,179,300</b>

### Income limit for subsidisation of owner-occupied homes

**Tab. 3.14 Income limit for subsidisation of owner-occupied homes with examples of corresponding annual gross income from 1 May 2018**

Household size	Annual income limit	Corresponds to annual net income of around
	EUR	EUR
1-person household	22,600	33,400
2-person household	34,500	51,000
Plus for each additional person	8,500	12,570
For every child	2,500	3,700

*In the examples the following requirements were taken into account for a working-class household: sole earner, deduction of a flatrate for income-related expenses of EUR 1,000 and 30 percent for the deduction of taxes and contributions to health and nursing care insurance, to life insurance and pension insurance. For certain groups of people (e.g. severely disabled people, young married couples), additional tax allowances can be deducted from income.*



## Bavarian Home Ownership Subsidy and Bavarian Baukindergeld Plus

Tab. 3.15 Bavarian Home Ownership Subsidy – forms of ownership and types of measures by area of approval

	Initial purchase			Expansion		
	Single-family home	Two-family home	Owner-occupied flats	Single-family home	Two-family home	Owner-occupied flats
Munich	25	–	98	–	2	–
Nuremberg	43	1	35	–	1	–
Augsburg	13	2	31	–	–	–
Upper Bavaria	1,390	118	347	14	45	13
Lower Bavaria	1,250	65	178	21	23	9
Upper Palatinate	1,018	43	139	5	56	8
Upper Franconia	676	16	67	4	26	6
Middle Franconia	918	38	155	3	20	11
Lower Franconia	805	37	122	8	24	5
Swabia	1,259	71	236	12	22	12
<b>Jointly</b>	<b>7,397</b>	<b>391</b>	<b>1,408</b>	<b>67</b>	<b>219</b>	<b>64</b>

Tab. 3.15 Continued: Bavarian Home Ownership Subsidy – forms of ownership and types of measures by area of approval

	Purchase of existing apartments			Total homes	Total volume
	Single-family home	Two-family home	Owner-occupied flats	Number	EUR
Munich	77	3	275	480	4,800,000
Nuremberg	188	23	340	631	6,310,000
Augsburg	119	5	235	405	4,050,000
Upper Bavaria	1,298	187	1,093	4,505	45,042,000
Lower Bavaria	1,176	147	358	3,227	32,270,000
Upper Palatinate	863	208	353	2,693	26,930,000
Upper Franconia	1,311	204	299	2,609	26,090,000
Middle Franconia	1,215	193	602	3,155	31,542,000
Lower Franconia	1,225	288	368	2,882	28,820,000
Swabia	1,271	187	747	3,817	38,170,000
<b>Jointly</b>	<b>8,743</b>	<b>1,445</b>	<b>4,670</b>	<b>24,404</b>	<b>244,024,000</b>

The Bavarian Home Ownership Subsidy helped households comprising 72,007 people (of which 27,286 children) to own their own homes.

**Tab. 3.16 Bavarian Baukindergeld Plus – forms of ownership and types of measures by area of approval**

	Initial purchase			Expansion		
	Single-family home	Two-family home	Owner-occupied flats	Single-family home	Two-family home	Owner-occupied flats
Munich	32	2	97	–	–	–
Nuremberg	55	–	28	–	–	–
Augsburg	22	4	17	–	–	1
Upper Bavaria	1,320	95	203	5	2	4
Lower Bavaria	953	35	30	4	4	1
Upper Palatinate	863	41	46	–	1	–
Upper Franconia	663	28	28	1	–	–
Middle Franconia	915	39	86	1	2	1
Lower Franconia	864	44	54	2	2	2
Swabia	1,141	51	112	3	6	1
<b>Jointly</b>	<b>6,828</b>	<b>339</b>	<b>701</b>	<b>16</b>	<b>17</b>	<b>10</b>

**Tab. 3.15 Continued: Bavarian Baukindergeld Plus – forms of ownership and types of measures by area of approval**

	Purchase of existing apartments			Total homes	Total volume
	Single-family home	Two-family home	Owner-occupied flats	Number	EUR
Munich	49	4	153	337	1,743,000
Nuremberg	138	7	145	373	1,977,900
Augsburg	80	3	89	216	1,140,000
Upper Bavaria	935	102	496	3,162	17,160,000
Lower Bavaria	711	74	119	1,931	10,008,300
Upper Palatinate	524	90	118	1,683	8,787,000
Upper Franconia	799	104	84	1,707	8,871,300
Middle Franconia	811	93	229	2,177	11,493,600
Lower Franconia	893	172	143	2,176	11,562,300
Swabia	836	107	266	2,523	13,860,000
<b>Jointly</b>	<b>5,776</b>	<b>756</b>	<b>1,842</b>	<b>16,285</b>	<b>86,603,400</b>

*Bavarian Baukindergeld Plus helped households comprising 61,404 people (of which 28,919 children) to own their own homes.*

## 4 Subsidisation of condominium owners' associations

Tab. 4.1 Total subsidies by area of approval

	Flats	%	Loans
Munich	187	40.7	5,530,400
Nuremberg	–	–	–
Augsburg	–	–	–
Upper Bavaria	111	24.1	1,419,850
Lower Bavaria	–	–	–
Upper Palatinate	14	3.0	140,000
Upper Franconia	16	3.5	63,531
Middle Franconia	–	–	–
Lower Franconia	66	14.3	475,000
Swabia	66	14.3	139,500
<b>Jointly</b>	<b>460</b>	<b>100.0</b>	<b>7,768,281</b>

# 5 Subsidisation of facilities for people with disabilities

Tab. 5.1 Subsidies for construction of new residential spaces by area of approval

	Residential places subsidised with loans/grants <sup>1</sup>						Residential places subsidised only with grants <sup>2</sup>		
	Subsidised residential places	Conditionally non-repayable loans	Amortising loans	Average loan per residential place	Grants	Average grant per residential place	Number	EUR	Average per residential place
	Number	EUR	EUR	EUR	EUR	EUR			EUR
Munich	11	295,000	–	26,818	2,687,000	244,273	–	–	–
Nuremberg	–	–	–	–	–	–	–	–	–
Augsburg	–	–	–	–	–	–	–	–	–
Upper Bavaria	6	100,000	–	16,667	600,200	100,033	28	1,641,100	58,611
Lower Bavaria	24	1,200,000	178,280	57,428	2,195,720	91,488	7	575,900	82,271
Upper Palatinate	20	1,238,500	–	61,925	–	–	–	–	–
Upper Franconia	–	–	–	–	–	–	45	4,135,450	91,899
Middle Franconia	24	2,200,000	523,670	113,486	3,448,340	143,681	96	15,154,200	157,856
Lower Franconia	38	1,505,000	451,560	51,488	3,094,690	81,439	38	2,631,300	69,245
Swabia	37	1,700,000	318,520	54,555	2,679,280	72,413	42	4,284,426	102,010
<b>Jointly</b>	<b>160</b>	<b>8,238,500</b>	<b>1,472,030</b>	<b>60,691</b>	<b>14,705,230</b>	<b>91,908</b>	<b>256</b>	<b>28,422,376</b>	<b>111,025</b>
Subsequent and residual approvals			–						
<b>Total</b>			<b>1,472,030</b>						

1 Of which 78 residential places for sheltered workshop employees, 48 residential places for attendees of vocational education institutions, 34 places in residences with an integrated daily structure and 0 residential places from the special investment programme for conversion of complex facilities.

2 Of which 14 places for attendees of vocational education institutions, 27 places in vocational education institutions, 32 places in residences with structured day facilities and 183 residential places from the special investment programme for conversion of complex facilities.

Tab. 5.2 Total costs and size of residential places by areas of approval

	Residential places <sup>1</sup> new builds	Total costs of new builds		Average size of residential place
		per residential place	per m <sup>2</sup> of residential area	
		EUR	EUR	
	Number			m <sup>2</sup>
Munich	11	451,818	11,169	40
Nuremberg	–	–	–	–
Augsburg	–	–	–	–
Upper Bavaria	6	193,943	3,315	59
Lower Bavaria	24	303,909	5,083	60
Upper Palatinate	20	103,248	2,120	49
Upper Franconia	–	–	–	–
Middle Franconia	24	385,768	5,808	66
Lower Franconia	38	261,704	5,384	49
Swabia	37	238,575	4,948	48
<b>Jointly</b>	<b>160</b>	<b>272,018</b>	<b>5,163</b>	<b>53</b>

<sup>1</sup> Not including residential places subsidised solely with grants.



## 6 BayernLabo municipal development programmes in conjunction with the development bank KfW

**Tab. 6.1 Investkredit Kommunal Bayern (subsidisation of investments in general municipal and social infrastructure)**

Administrative district	Number	Approval amount	Total costs
		EUR	EUR
Upper Bavaria	22	38,286,500	95,491,000
Lower Bavaria	5	6,800,000	12,079,000
Upper Palatinate	7	9,050,000	19,272,700
Upper Franconia	10	11,297,000	22,547,500
Middle Franconia	4	3,990,000	7,055,000
Lower Franconia	18	14,320,000	30,510,000
Swabia	10	8,402,000	17,941,000
<b>Jointly</b>	<b>76</b>	<b>92,145,500</b>	<b>204,896,200</b>

**Tab. 6.2 Energiekredit Kommunal Bayern (subsidisation of investments in energy-related modernisation of municipal and social infrastructure)**

Administrative district	Number	Approval amount	Total costs
		EUR	EUR
Upper Bavaria	11	23,364,000	36,340,000
Lower Bavaria	8	16,030,000	21,423,000
Upper Palatinate	7	9,776,000	20,792,000
Upper Franconia	1	1,000,000	1,000,000
Middle Franconia	1	5,000,000	10,000,000
Lower Franconia	2	372,000	1,882,000
Swabia	12	20,523,000	38,940,000
<b>Jointly</b>	<b>42</b>	<b>76,065,000</b>	<b>130,377,000</b>

# 7 BayernLabo loan and grant commitments

Tab. 7.1 BayernLabo loan and grant commitments

	2020							
	Loan and grant commitments (1 of 4)				Homes and residential places			
	Number of cases	Loans in fiduciary business	Loans in proprietary business	Grants in fiduciary business	Own homes	Owner-occupied flats	Rental homes	Residential places
		EUR	EUR	EUR	RU	RU	RU	RU
<b>A – Subsidies for rental housing</b>								
<b>Bavarian residential construction programme – amortising loan</b>								
Disability plan – new builds	–	1,472,030	–	–	–	–	–	–
Income-based subsidies – new builds	137	337,859,580	103,594,200	69,332,180	–	–	3,224	–
Expenditure-based subsidies – new builds	3	350,700	1,689,200	433,900	–	–	19	–
	<b>140</b>	<b>339,682,310</b>	<b>105,283,400</b>	<b>69,766,080</b>	–	–	<b>3,243</b>	–
<b>Bavarian residential construction programme – conditionally non-repayable loans</b>								
Disability plan – new builds – combined subsidy	13	8,238,500	–	14,705,230	–	–	–	160
Disability plan – new builds – grants	16	–	–	28,422,376	–	–	–	256
Loans to structurally adapt properties for people with disabilities	219	1,764,010	–	–	–	–	219	–
Loans to build student halls of residence	3	9,542,300	–	–	–	–	–	273
	<b>251</b>	<b>19,544,810</b>	–	<b>43,127,606</b>	–	–	<b>219</b>	<b>689</b>
<b>Municipal housing subsidy programme</b>								
Combined subsidy	43	–	117,295,600	81,035,000	–	–	688	–
Grant subsidy	17	–	–	58,353,700	–	–	545	–
	<b>60</b>	–	<b>117,295,600</b>	<b>139,388,700</b>	–	–	<b>1,233</b>	–
<b>Bavarian modernisation programme</b>								
Subsidies for rental homes	30	–	54,068,155	5,385,855	–	–	819	–
Subsidies for places in nursing homes	–	–	–	–	–	–	–	–
Condominium owners' association	16	–	7,768,281	–	–	–	460	–
	<b>46</b>	–	<b>61,836,436</b>	<b>5,385,855</b>	–	–	<b>1,279</b>	–
<b>Other subsidies</b>								
Creation of energy-efficient rental housing (EERH)	[32]	–	73,318,700	–	–	–	[790]	–
New business under own-liability	6	–	20,484,690	–	–	–	–	–
Loans for promoting affordable housing	3	36,014,500	–	2,943,300	–	–	169	–
Modernisation of leasehold flats	22	–	14,596,900	–	–	–	250	–
	<b>31</b>	<b>36,014,500</b>	<b>108,400,290</b>	<b>2,943,300</b>	–	–	<b>419</b>	–
<b>Total A – Subsidies for rental housing</b>	<b>528</b>	<b>395,241,620</b>	<b>392,815,726</b>	<b>260,611,541</b>	–	–	<b>6,393</b>	<b>689</b>

The homes in square brackets already receive subsidies under the Bavarian residential construction programme. These figures are shown for information purposes only and are not included in the totals.

Tab. 7.1 Continued: BayernLabo loan and grant commitments

	2019							
	Loan and grant commitments (2 of 4)				Homes and residential places			
	Number of cases	Loans in fiduciary business	Loans in proprietary business	Grants in fiduciary business	Own homes	Owner-occupied flats	Rental homes	Residential places
		EUR	EUR	EUR	RU	RU	RU	RU
<b>A – Subsidies for rental housing</b>								
<b>Bavarian residential construction programme – amortising loan</b>								
Disability plan – new builds	3	3,335,310	–	–	–	–	–	37
Income-based subsidies – new builds	136	397,973,750	67,240,500	77,792,300	–	–	3,727	–
Expenditure-based subsidies – new builds	4	2,218,330	6,445,400	999,000	–	–	48	–
	<b>143</b>	<b>403,527,390</b>	<b>73,685,900</b>	<b>78,791,300</b>	–	–	<b>3,775</b>	<b>37</b>
<b>Bavarian residential construction programme – conditionally non-repayable loans</b>								
Disability plan – new builds – combined subsidy	10	8,000,000	–	22,399,140	–	–	–	201
Disability plan – new builds – grants	10	–	–	15,065,350	–	–	–	171
Loans to structurally adapt properties for people with disabilities	226	1,913,300	–	–	–	–	226	–
Loans to build student halls of residence	8	37,995,600	–	–	–	–	–	1,170
	<b>254</b>	<b>47,908,900</b>	–	<b>37,464,490</b>	–	–	<b>226</b>	<b>1,542</b>
<b>Municipal housing subsidy programme</b>								
Combined subsidy	48	–	110,291,330	50,589,600	–	–	684	–
Grant subsidy	30	–	–	67,599,400	–	–	371	–
	<b>78</b>	–	<b>110,291,330</b>	<b>118,189,000</b>	–	–	<b>1,055</b>	–
<b>Bavarian modernisation programme</b>								
Subsidies for rental homes	25	–	20,008,570	2,951,880	–	–	662	–
Subsidies for places in nursing homes	3	–	15,278,400	747,100	–	–	–	187
Condominium owners' association	12	–	7,849,800	–	–	–	1,417	–
	<b>40</b>	–	<b>43,136,770</b>	<b>3,698,980</b>	–	–	<b>2,079</b>	<b>187</b>
<b>Other subsidies</b>								
Creation of energy-efficient rental housing (EERH)	[1]	–	15,600,000	–	–	–	[156]	–
New business under own-liability	5	–	32,612,500	–	–	–	–	–
Loans for promoting affordable housing	5	72,218,400	–	8,531,500	–	–	443	–
Modernisation of leasehold flats	6	–	4,605,000	–	–	–	32	–
	<b>16</b>	<b>72,218,400</b>	<b>52,817,500</b>	<b>8,531,500</b>	–	–	<b>475</b>	–
<b>Total A – Subsidies for rental housing</b>	<b>531</b>	<b>523,654,690</b>	<b>279,931,500</b>	<b>246,675,270</b>	–	–	<b>7,610</b>	<b>1,766</b>

The homes in square brackets already receive subsidies under the Bavarian residential construction programme. These figures are shown for information purposes only and are not included in the totals.

Tab. 7.1 Continued: BayernLabo loan and grant commitments

	2020						
	Loan and grant commitments (3 of 4)			Homes and residential places			
	Number of cases	Loans in fiduciary business	Loans in proprietary business	Grants in fiduciary business	Own homes	Owner-occupied flats	Rental homes
	EUR	EUR	EUR	RU	RU	RU	RU
<b>B – Home ownership subsidies</b>							
<b>Bavarian residential construction programme –amortising loan</b>							
New builds	402	12,477,400	9,920,500	4,711,300	359	43	–
Purchase of existing homes	1,061	28,217,250	24,784,800	40,566,900	893	169	–
	<b>1,463</b>	<b>40,694,650</b>	<b>34,705,300</b>	<b>45,278,200</b>	<b>1,252</b>	<b>212</b>	<b>–</b>
<b>Bavarian residential construction programme – conditionally non-repayable loans</b>							
Loans to structurally adapt properties for people with disabilities	2,685	23,330,748	–	–	2,379	306	–
	<b>2,685</b>	<b>23,330,748</b>	<b>–</b>	<b>–</b>	<b>2,379</b>	<b>306</b>	<b>–</b>
<b>Bavarian low interest rate loan programme</b>							
Combined subsidy – new builds	[296]	–	36,827,800	–	[259]	[37]	–
Combined subsidy – purchases	[809]	–	81,974,400	–	[682]	[127]	–
Individual subsidy – new builds	132	–	22,420,900	–	117	15	–
Individual subsidy – purchases	93	–	14,179,300	–	78	15	–
	<b>225</b>	<b>–</b>	<b>155,402,400</b>	<b>–</b>	<b>195</b>	<b>30</b>	<b>–</b>
<b>Other subsidies</b>							
Bavarian Home Ownership Subsidy	24,404	–	–	244,024,000	–	–	–
Bavarian Baukindergeld Plus	16,285	–	–	86,603,400	–	–	–
Debt restructuring of subsidised loans (inventories)	14	–	248,496	–	–	–	–
	<b>40,703</b>	<b>–</b>	<b>248,496</b>	<b>330,627,400</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total B – Home ownership subsidies</b>	<b>45,076</b>	<b>64,025,398</b>	<b>190,356,196</b>	<b>375,905,600</b>	<b>3,826</b>	<b>548</b>	<b>–</b>
<b>C – State and municipal loan business</b>							
Municipal loans	291	–	710,577,522	–	–	–	–
Investkredit Kommunal Bayern (Bavarian municipal investment loan)	76	–	92,145,500	–	–	–	–
Energiekredit Kommunal Bayern (Bavarian municipal energy loan)	41	–	76,065,000	–	–	–	–
Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)	–	–	–	–	–	–	–
State lending business with the Free State of Bavaria	1	–	150,000,000	–	–	–	–
<b>Total C – State and municipal loan business</b>	<b>409</b>	<b>–</b>	<b>1,028,788,022</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>State-subsidised business in 2020</b>	<b>46,013</b>	<b>459,267,018</b>	<b>1,611,959,944</b>	<b>636,517,141</b>	<b>3,826</b>	<b>548</b>	<b>6,393</b>

The homes in square brackets already receive subsidies under the Bavarian residential construction programme. These figures are shown for information purposes only and are not included in the totals.

Tab. 7.1 Continued: BayernLabo loan and grant commitments

	2019							
	Loan and grant commitments (4 of 4)				Homes and residential places			
	Number of cases	Loans in fiduciary business	Loans in proprietary business	Grants in fiduciary business	Own homes	Owner-occupied flats	Rental homes	Residential places
	EUR	EUR	EUR	RU	RU	RU	RU	
<b>B – Home ownership subsidies</b>								
<b>Bavarian residential construction programme – amortising loan</b>								
New builds	619	12,693,720	22,119,400	6,690,000	587	33	–	–
Purchase of existing homes	1,257	24,693,290	41,122,300	46,188,350	1,056	202	–	–
	<b>1,876</b>	<b>37,387,010</b>	<b>63,241,700</b>	<b>52,878,350</b>	<b>1,643</b>	<b>235</b>	–	–
<b>Bavarian residential construction programme – conditionally non-repayable loans</b>								
Loans to structurally adapt properties for people with disabilities	2,845	24,601,760	–	–	2,528	317	–	–
	<b>2,845</b>	<b>24,601,760</b>	–	–	<b>2,528</b>	<b>317</b>	–	–
<b>Bavarian low interest rate loan programme</b>								
Combined subsidy – new builds	[453]	–	55,954,600	–	[430]	[23]	–	–
Combined subsidy – purchases	[901]	–	80,636,500	–	[762]	[139]	–	–
Individual subsidy – new builds	149	–	22,971,200	–	124	25	–	–
Individual subsidy – purchases	118	–	15,296,700	–	91	27	–	–
	<b>267</b>	–	<b>174,859,000</b>	–	<b>215</b>	<b>52</b>	–	–
<b>Other subsidies</b>								
Bavarian Home Ownership Subsidy	10,351	–	–	103,486,000	–	–	–	–
Bavarian Baukindergeld Plus	7,577	–	–	40,287,000	–	–	–	–
Debt restructuring of subsidised loans (inventories)	9	–	65,825	–	–	–	–	–
	<b>17,937</b>	–	<b>65,825</b>	<b>143,773,000</b>	–	–	–	–
<b>Total B – Home ownership subsidies</b>	<b>22,925</b>	<b>61,988,770</b>	<b>238,166,525</b>	<b>196,651,350</b>	<b>4,386</b>	<b>604</b>	–	–
<b>C – State and municipal loan business</b>								
Municipal loans	312	–	552,934,214	–	–	–	–	–
Investkredit Kommunal Bayern (Bavarian municipal investment loan)	87	–	103,102,000	–	–	–	–	–
Energiekredit Kommunal Bayern (Bavarian municipal energy loan)	45	–	79,798,000	–	–	–	–	–
Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)	6	–	1,984,000	–	–	–	–	–
State lending business with the Free State of Bavaria	–	–	–	–	–	–	–	–
<b>Total C – State and municipal loan business</b>	<b>450</b>	–	<b>737,818,214</b>	–	–	–	–	–
<b>State-subsidised business in 2020</b>	<b>23,906</b>	<b>585,643,460</b>	<b>1,255,916,239</b>	<b>443,326,620</b>	<b>4,386</b>	<b>604</b>	<b>7,610</b>	<b>1,766</b>

The homes in square brackets already receive subsidies under the Bavarian residential construction programme. These figures are shown for information purposes only and are not included in the totals.



## 8 Legal basis

The Law on Bayerische Landesbank (Bayerisches Landesbank-Gesetz – BayLaBG) in the version as published in the notification dated 1 February 2003 (GVBl p. 54, rect. p. 316, BayRS 762-6-F), most recently amended by Section 1 para. 328 of the Regulation dated 26 March 2019 (GVBl p. 98), which came into effect as at 1 May 2019.

The Statutes of Bayerische Landesbank dated 24 June 2013, published in the Bavarian State Gazette No. 26 on 28 June 2013 and last amended as published in the Bavarian State Gazette on 17 April 2020.

Bavarian subsidised housing act (Bayerisches Wohnraumförderungsgesetz – BayWoFG) dated 10 April 2007 (GVBl. p. 260, BayRS 2330-2-B), most recently amended by Section 1 para. 266 of the Regulation dated 26 March 2019 (GVBl. p. 98).

The second housing law (Zweites Wohnungsbaugesetz – II. WoBauG) in the version as published on 19 August 1994 (BGBl. I p. 2137), most recently amended by the law of 19 June 2001 (BGBl. I p. 1149). The 2nd WoBauG was overridden by Article 2 of the Law to Reform Housing Law dated 13 September 2001 (BGBl. I p. 2376) as at 1 January 2002, but parts of it continue to apply in accordance with Section 48 of the subsidised housing act and Article 24 of the Bavarian subsidised housing act.

Law on subsidising social housing (Wohnraumförderungsgesetz – WoFG) dated 13 September 2001 (BGBl. I p. 2376), most recently amended by Article 42 of the law from 20 November 2019 (BGBl. I p. 1626).

Law to ensure the purpose of social housing in Bavaria (Bavarian Controlled Tenancy Act – Bayerisches Wohnungsbindungsgesetz – BayWoBindG) in the version published on 23 July 2007 (GVBl. p. 562, 781; 2011 p. 115, BayRS 2330-3-B), most recently amended by Section 1 para. 267 of the Regulation dated 26 March 2019 (GVBl. p. 98).

Provisions of the subsidised housing loans programme 2012 (Wohnraumförderungsbestimmungen – WFB 2012) as published in the notification by the Bavarian State Ministry of the Interior regarding the provisions of the subsidised housing loans programme 2012 (Wohnraumförderungsbestimmungen – WFB 2012) dated 11 January 2012 (AllMBl. p. 20), most recently amended by Section 1 para. 267 of the Regulation dated 26 March 2019 (GVBl. p. 98)

Regulation on housing calculation (second calculation regulation Zweite Berechnungsverordnung – II. BV) in the version published on 12 October 1990 (BGBl. I p. 2178), most recently amended by Article 78 para. 2 of the Second Act on the revision of Federal Law Under the Authority of the Federal Ministry of Justice (das zweite Gesetz über die Bereinigung von Bundesrecht im Zuständigkeitsbereich des BMJ) dated 23 November 2007 (BGBl. I p. 2614).

Regulation on calculating the residential area (Wohnflächenverordnung – WoFlV) dated 25 November 2003 (BGBl. I p. 2346).

Regulation on the structure of operating costs (Betriebskostenverordnung – BetrKV) dated 25 November 2003 (BGBl. I p. 2346, 2347), amended by Article 4 of the Telecommunications Amendment Act (Gesetz zur Änderung telekommunikationsrechtlicher Regelungen) dated 3 Mai 2012 (BGBl. I p. 958).

Publication by the Bavarian State Ministry of the Interior regarding the Bavarian low interest rate loan programme to promote home ownership dated 3 January 2005 (AllMBl. p. 9), most recently amended by the publication dated 10 July 2019 (BayMBl. No. 274).

Regulation to implement social laws (Verordnung zur Ausführung der Sozialgesetze – AVSG) dated 2 December 2008 (GVBl. p. 912, 982, BayRS 86-8-A/G), most recently amended by Sections 1 and 2 of the Regulation dated 26 November 2020 (GVBl. p. 641) and by the Regulation dated 1 December 2020 (GVBl. p.643)).

Guidelines for the loan programme to create energy-efficient rental housing (EnMWR), as published by the Bavarian State Ministry for Housing, Construction and Transport dated 26 August 2019, ref. 31-4764.4-4 (BayMBl. No. 358).

Guidelines for awarding a grant to build or buy residential property for own use (Bavarian Home Ownership Subsidy – Bayerische Eigenheimzulagen-Richtlinien – EHZR), as published by the Bavarian State Ministry for Housing, Construction and Transport dated 7 August 2018, ref. 31-4740-7-2 (AllMBl. p. 554).

Guidelines for awarding Baukindergeld Plus to build or buy owner-occupied homes for families with children and single parents in Bavaria (Baukindergeld Plus Guidelines – BayBauKGPR), as published by the Bavarian State Ministry for Housing, Construction and Transport dated 14 September 2018, ref. 31-4740.4-2-2 (AllMBl. p. 905).

Guidelines for the loan programme of Bayerische Landesbodenkreditanstalt to subsidise the modernisation of buildings of condominium owners' associations (WEG Modernisierungsprogramm – BayModWEG), as published by the Bavarian State Ministry for Housing, Construction and Transport dated 8 August 2018, ref. 31-4764-3 (AllMBl. p. 558), amended by the publication dated 9 July 2019 (BayMBl. No. 279).

Guidelines on awarding grants from the Free State of Bavaria to promote sports outside of school (sport subsidy guidelines – Sportförderrichtlinien), as published by the Bavarian State Ministry of the Interior, Construction and Transport regarding the guidelines on awarding grants from the Free State of Bavaria to promote sports outside of school (sport subsidy guidelines – Sportförderrichtlinien – SportFör) dated 30 December 2016 (AllMBl.2017 p. 14), most recently amended by the publication dated 7 December 2020 (BayMBl. No. 809).

Guidelines for the Bavarian Modernisation Programme (BayModR), as published by the Bavarian State Ministry of the Interior dated 30 March 2009 (AllMBl. p. 136), most recently amended by the publication of 30 October 2019 (BayMBl. No. 478).

Guidelines for subsidising student accommodation, as published by the Bavarian State Ministry of the Interior, Construction and Transport dated 4 December 2015 (AllMBl. p. 546), most recently amended by the publication dated 29 November 2019 (BayMBl. No. 540).

Guidelines for the loan programme to subsidise new builds to replace authorised residential care homes pursuant to the SGB IX in Bavaria, as published by the Bavarian State Ministry of the Interior dated 2 October 2007 (AllMBl. p. 527), most recently amended by the publication dated 23 November 2017 (AllMBl. p. 537) (expired as at 31 December 2019).

Guidelines for additional subsidies under state housing assistance (Bavarian additional subsidy guidelines – Bayerische Zusatzförderungsrichtlinien – BayZfR) dated 30 September 2005 (FMBl. p. 181), most recently amended by the publication dated 22 May 2019 (BayMBl. No. 205).

Guidelines for assuming state guarantees to subsidise housing (Article 1 para. 1 no. 3 BÜG), as published jointly by the Bavarian State Ministry of Finance and of the Interior dated 5 March 2003 (FMBl. p. 112), most recently amended by the publication dated 3 February 2010 (FMBl. p. 84).

Guidelines for the municipal development programme to create rental housing in Bavaria, as published by the Bavarian State Ministry of the Interior, Construction and Transport dated 22 December 2015 (AllMBl. p. 3), most recently amended in the publication dated 27 November 2019 (BayMBl. Nr. 531).

Provisions for subsidising the construction and purchase of homes for public sector employees of the Bavarian State Ministry of Finance, Regional Development and Regional Identity dated 8 November 2017 (Gz. 15 - VV 8070- 2/1).

Subsidy provisions for subsidising the modernisation and renewal of public sector workers' flats, as in the finalised version dated 14 July 2017.

## Picture credits

Student hall of residence, Erlangen, Germany Contractor: Studentenwerk Erlangen-Nürnberg, Germany Planner: scherzer . kalau . architekten partnerschaft mbb, Erlangen, Germany Photo: scherzer . kalau . architekten partnerschaft mbb, Erlangen, Germany	Page 12
Construction of new rental homes, Bayreuth, Germany Contractor: GBW – Gemeinnützige Bayreuther Wohnungsbaugenossenschaft eG Planner: Architekturbüro Ellmer & Ellmer GmbH, Bayreuth, Germany Photo: Silvia Asadi, Government of Upper Franconia (Regierung von Oberfranken)	Page 16
Construction of a new apartment building in Landshut, Germany Contractor: Elmar Mückenhausen, Gangkofen, Germany Planner: Architekturbüro Stadler, Arnsdorf, Germany Photo: Georg Huber, Government of Lower Bavaria (Regierung von Niederbayern)	Page 19
Construction of new rental homes, Neu-Ulm, Germany Contractor: City of Neu-Ulm Planner: eap Architekten . Stadtplaner PartGmbH, Munich, Germany Photo: Florian Schreiber Fotografie, Munich, Germany	Page 22
Modernisation of the housing development in Marconistrasse, Augsburg, Germany Contractor and planner: Wohnbaugruppe Augsburg Leben GmbH Photo: Stefan Fink, Augsburg, Germany	Page 25
Construction of new rental homes, Prinz-Eugen-Park, Munich, Germany Contractor: GEWOFAG Holding GmbH, Munich, Germany Planners: Pakula & Fischer Architekten GmbH, Stuttgart, Germany, and general contractor B & O Service AG with Huber & Sohn GmbH & Co.KG Photo: Michael Nagy, LHM	Page 28
Construction of a new apartment building, Weissenburg, Germany Contractor: City of Weissenburg Planner: Building Department of the City of Weissenburg Photo: Rudi Rengert, Nennslingen, Germany	Pages 35, 69
Construction of a new residential home for people with disabilities, Rain a. Lech, Germany Contractor: Stiftung St. Johannes, Marxheim, Germany Planner: UTA Architekten und Stadtplaner GmbH, Stuttgart, Germany Photo: Norman Radon, Ingolstadt, Germany	Page 38
Construction of a new children's daycare centre and open full-day school, Vohburg, Germany Contractor: City of Vohburg Planner: Raith Architekten GmbH, Kelheim, Germany Photo: Martin Strasser, City of Vohburg	Page 41

Construction of a new residential home for people with disabilities and a daycare facility for elderly people with disabilities, Ochsenfurt, Germany Contractor: Mainfränkische Werkstätten GmbH, Würzburg, Germany Planner: Blum Dietz GmbH Planung + Architektur, Kitzingen, Germany Photo: Anja Gropp, Würzburg, Germany	Page 43
Modernisation of Johann-Michael-Sailer-Gymnasium, Dillingen a. d. Donau, Germany Contractor: Landratsamt (District Administration Office) Dillingen a. d. Donau Planner: Dömges Architekten AG, Regensburg, Germany Photo: Landratsamt (District Administration Office) Dillingen a. d. Donau	Pages 47, 76
Construction of a new town hall in Euerdorf, Germany Contractor: Euerdorf market town (Markt Euerdorf) Planner: Lieb + Lieb Architekten, Freudenstadt, Germany Photo: Euerdorf administrative association (Verwaltungsgemeinschaft Euerdorf)	Page 50
Extension of Kindergarten Sonnenschein, Vohburg, Germany Contractor: City of Vohburg Planner: Architekturbüro Finsterer, Geisenfeld, Germany Photo: Martin Strasser, City of Vohburg	Page 52
Construction of new rental homes, Regensburg, Germany Contractor: Verein zweites LEBEN e.V. Planner: donhauser postweiler architekten, Regensburg, Germany Photo: Fotodesign Herbert Stolz, Regensburg, Germany	Page 60
Construction of new rental homes, Prinz-Eugen-Park, Munich, Germany Contractor: GWG Städtische Wohnungsgesellschaft München mbH, Munich, Germany Planners: Blaustein Architekten and general contractor müllerblaustein HolzBauWerke GmbH, performance stage LP 1–5: Rapp Architekten, Ulm, Germany Photo: Michael Nagy, LHM	Page 64
Demolition and reconstruction of Oberschätzlhaus, Gars a. Inn, Germany Contractor: Gars a. Inn market town (Markt Gars a. Inn) Planner: Aris Architekten, Kraiburg a. Inn, Germany Photo: Josef Anglhuber, Kraiburg a. Inn, Germany	Page 71
Conversion of a former school building, Offenberg, Germany Contractor: Municipality of Offenberg Planner: Georg Lorenz Architekturbüro, Deggendorf, Germany Photo: Johanna Stoewer, Government of Lower Bavaria (Regierung von Niederbayern)	Page 73

**Portraits:**

Dr Edgar Zoller, BayernLB	Page 7
Kerstin Schreyer, Bavarian State Ministry for Housing, Construction and Transport	Page 8
Albert Füracker, Bavarian State Ministry of Finance and Regional Identity	Page 9
Christian Ortmaier, Rainer Wimmer, Wolfgang Schmidt and Florian Ruhland, BayernLabo	Page 116



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