

Annual Report 2022

BayernLabo at a glance

Income statement (HGB)

EUR million	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Net interest and net commission income	77	83
Administrative expenses	(69)	(65)
Net profit	0	38

Balance sheet (HGB)

EUR million	31 Dec 2022	31 Dec 2021
Total assets	21,051	21,092
Credit volume	16,713	17,230
Liabilities (including issues)	13,054	13,476
Liabilities held in trust	5,592	5,308
Reported own funds	2,313	2,255

Current rating

Moody's	2022	2021
Long-term rating	Aaa	Aaa
Short-term rating	P-1	P-1
Outlook	Stable	Stable

Institutional Shareholder Services	2022	2021
ESG rating	Prime	Prime

New business

EUR million	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Loan and grant commitments	1,782	2,439
Number of homes and residential places subsidised	8,532	11,953

Employees

Employees	31 Dec 2022	31 Dec 2021
Total	233	265
Female	141	157
Male	92	108

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Foreword



Gero Bergmann

Dear readers of BayernLabo's 2022 Annual Report,

2022 was a challenging financial year for BayernLabo. The end of the pandemic and a slight macroeconomic recovery were contrasted by a geopolitically uncertain situation combined with higher inflation and interest rates, which had a negative impact especially on the construction sector. BayernLabo was additionally confronted with the uncertainty of the realignment of the Federal Subsidy for Energy-efficient Buildings (BEG subsidy). As expected, business in 2022 was marked by an overall reduction in subsidy commitments.

Nevertheless, we can say that we successfully avoided the pitfalls. 8,532 apartments and housing spaces were subsidised with a total of EUR 1,137.8 million in loans and grants from funds provided by the Free State of Bavaria and BayernLabo for subsidised housing. This was the fifth time in succession that total subsidies exceeded EUR 1 billion. The municipal loan business, which decreased amid a very competitive market, also maintained its market share of 40 percent and remained the market leader in Bavaria. A total of EUR 644.2 million went toward financing investments in general and municipal infrastructure in 2022.

Just as, when sailing, you can get wet in unsettled weather, you still have to keep your eye on the target and stay on course. Society, the environment, the market – everything is in a constant state of change. Without change, a company, too, cannot survive. In the "Highlights" section of the report, you can read about BayernLabo's internal innovations, the launch of sustainable subsidy programmes and a residential complex built using a wood hybrid construction method that is largely carbon-neutral.

BayernLabo will continue to accompany Bavaria's sustainable development in the future, thereby fulfilling its social and corporate responsibility. In fulfilling this public mandate, the Free State of Bavaria can depend on the services and products of BayernLabo as a state housing policy body and municipal bank. I wish you an interesting read.

A handwritten signature in black ink, appearing to be 'G. Bergmann', written in a cursive style.

Gero Bergmann

Member of the Board of Management of Bayerische Landesbank



Christian Bernreiter

Affordable housing is the social issue of our time. It is important to me that people throughout Bavaria can enjoy a high standard of living, whether in urban or in rural areas. We can only achieve this goal together with the municipalities and with our partners in the construction industry.

The general conditions for the construction of affordable housing are difficult. Rising construction and energy costs, uncertainty relating to federal subsidies, inflation and the shortage of skilled workers all pose challenges for housebuilders. Many housing projects have been postponed or halted.

Bavaria stands for stability and planning security. In January, we launched the "Bavaria Housebuilding Booster". We are thereby further developing Bavaria's subsidised housing programmes and strengthening housing construction:

- In rental housing subsidies, we are doubling property-based loans from 25 to 50 percent with an interest rate of 0.5 percent per year over the entire term.
- In rental housing, we are increasing the general subsidy from EUR 500 to up to EUR 600 per square metre.
- We are subsidising an extra EUR 100 per square metre for the construction of rental apartments in town centres.
- We are successively extending the municipal housing subsidy programme until 2030 and increasing the subsidy for municipalities for measures in existing buildings from 30 to 40 percent.
- We are extending occupancy commitments.
- For the home ownership subsidies, we are increasing the second purchase subsidy from EUR 30,000 to as much as EUR 50,000, and the child subsidy from EUR 5,000 to EUR 7,500 per child.

Approximately EUR 1 billion will be available for the first time in Bavaria's subsidised housing programme in 2023. Together with BayernLabo, we will counteract the difficult overall conditions and provide the best possible support for residential construction projects.

I would like to thank all BayernLabo employees for their commitment and look forward to our continued successful collaboration. Let's shape Bavaria together!

Sincerely,

Christian Bernreiter

Bavarian State Minister of Housing, Construction and Transport



Albert Füracker

Global, economic and social developments in recent years have made us increasingly aware that housing is an important but limited commodity that is in urgent need of sustainable expansion. Whether in metropolitan or in rural areas, demand for housing is one of the central concerns of our time.

For this reason, the Bavarian state government pays particular attention to creating and maintaining affordable housing. Given the huge demand, which has further intensified due to the massive influx of new residents in recent years, Bavaria is doing a great deal to accelerate housing construction. The Bavarian state government is actively countering the tight housing market with appropriate housing programmes and housing subsidies. In 2022, a total of EUR 864.2 million in subsidies was made available by the Free State for this purpose.

As a reliable and experienced state institution, BayernLabo is one of the main pillars of Bavarian housing construction. It drives the implementation and realisation of these programmes with innovative ideas and targeted subsidies. This helps people in Bavaria to fulfil their basic need for a home of their own. Therefore, I would like to thank all of BayernLabo's employees for their comprehensive commitment.

Sincerely,

A handwritten signature in black ink, reading "Albert Füracker". The script is fluid and cursive.

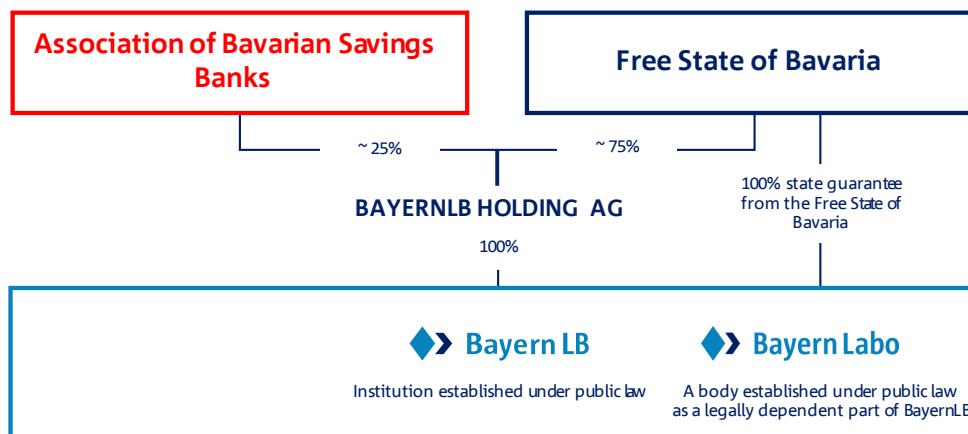
Albert Füracker
Bavarian State Minister of Finance and Regional Identity

01 BayernLabo

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's business model

In accordance with the development mandate of the Free State of Bavaria, BayernLabo has the core task of providing financial support for housing infrastructures in Bavaria within the context of housing policy, and in compliance with European state aid regulations.¹ In doing so, it focuses primarily on a clientèle – as limited by government subsidy guidelines – of private individuals and legal entities seeking to create, acquire or modernise housing for a variety of purposes.

In addition, BayernLabo, as the municipal bank of the Free State of Bavaria, supports Bavarian municipalities and public-law special-purpose and school associations in financing investments in general municipal and social infrastructure with customised traditional municipal loans and, in cooperation with KfW, with its own development programmes. It offers government loans for the Free State. The Bavarian state government may also transfer other business to BayernLabo.²

In order to be able to provide the financial resources for these subsidies, BayernLabo extends fiduciary loans and state-guaranteed equity loans on a non-competitive basis. It refinances its own business through Kreditanstalt für Wiederaufbau (KfW), Landwirtschaftliche Rentenbank (LR), the European Investment Bank (EIB), the capital market and BayernLB, and subsequently further reduces the interest rates on loans. The Free State of Bavaria is directly liable for all the liabilities assumed by BayernLabo.³ Supervision is the responsibility of the Bavarian State Ministry of Finance and Home Affairs (StMFH).⁴

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

BayernLabo regards its emphasis on sustainability criteria as an essential contribution to the fulfilment of the sustainability and climate goals of the Free State of Bavaria within the context of its public mandate. In coordination with the Bavarian State Ministry of Finance and Home Affairs (StMFH) and the Bavarian State Ministry of Housing, Construction and Transport (StMB), it will give even greater consideration to sustainability criteria in existing and, in particular, new subsidy programmes in order to help achieve the climate targets of the Paris Agreement.

¹ Article 20 (1) of the Bayerische Landesbank Act (BayLaBG).

² Article 20 (3) BayLaBG.

³ Article 22 (2) BayLaBG.

⁴ Article 17 (1) BayLaBG.

BayernLabo's business structure

BayernLabo subsidises owner-occupied and rental housing in Bavaria, taking social aspects into account. In addition, as the municipal bank of the Free State of Bavaria, it supports Bavarian municipalities and special-purpose associations under public law, and offers government loans on behalf of the Free State.

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

Your contacts for subsidised housing and municipal lending

An overview of current

- programmes
- interest rates
- the application process

is available on the internet under bayernlabo.de and can also be requested from the following:



Link to
bayernlabo.de

Information on housing subsidies

- for home ownership can be requested from the authorising agency 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 BayernLabo's Municipal Subsidised Housing 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 +49 89 2171-23322
- can be requested from Bayerisches Staatsministerium für Wohnen, Bau und Verkehr, Franz-Josef-Strauß-Ring 4, 80539 Munich, Germany (www.wohnen.bayern.de)



Link to
stmb.bayern.de

Information on state and municipal loans

- via BayernLabo's municipal loan hotline on +49 89 2171-22004

All subsidised loans for housing must be applied for **before** construction starts from the authorising agency 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.

02 Highlights

An innovative approach to the future

"A company cannot survive without change."

Wolfgang Meier, Department Manager, Organisation and Policy

Change has been part of us as humans since we have existed. We can shape changes, which then become innovations. This requires authenticity and courage.

The start

A successful transformation is essential for survival and must not remain a one-off, completed action. Development must constantly progress and become part of a company's DNA. The "BayernLabo Organisational Optimisation" and "BayernLabo Future Strategy 2020" projects have shown that BayernLabo can very successfully shape its own future from within. External implications were anticipated at an early stage and translated into a sustainable business and risk strategy. This previously project-based process model was transformed into continuous proactive innovation management in 2020.

The objective

Companies must consider three factors if they are to successfully enter into a new era: a stringent focus on customers, ongoing self-diagnosis, and the leveraging of changes for business success. Accordingly, BayernLabo's innovation management is not only concerned with automation and digitalisation, but also identifies demand for new subsidy products, optimises distribution channels, examines potentials within the structure and organisational processes, and plays an important role in internal and external communications. The added values for BayernLabo are the improvements achieved as well as the forward-looking development of junior (management) staff as a competitive advantage in a highly competitive labour market.

Innovation topics 2020-2022

- Digital mail inbox
- Electronic files
- Business partner e-files
- Electronic seal
- Office plan
- Knowledge management
- Intranet
- #CLAIM

The first generation

In 2020, the first two-year cycle of innovation management started with seven junior (management) staff from six different departments at BayernLabo. The colourful mix ensures a 360-degree view of the diverse topics. In addition, innovation management includes the professional and personal development of participants through targeted personnel development measures, mentoring, and overall visibility both within BayernLabo and beyond.

Passing the baton

Many innovation topics were already successfully implemented or transitioned to projects in the first cycle. In 2022, issues that had not yet been completed were passed on to the next generation of innovation management. In light of the current situation, the focus at present is on BayernLabo's new business premises, a visionary workplace concept and the recruitment of fresh (management) talent for BayernLabo.



From left: Florian Ruhland (mentor), Thomas Schramm, Jennifer Roth, Michael Grimmer, Carolin Bader (all second innovation team; not pictured: Jasmin Heimgärtner and Maximilian Bauer), Leonhard Schmid, Ingrid Meier (both first innovation team), Wolfgang Meier (mentor); photo: BayernLabo

BayernLabo's innovation management offers all employees the opportunity to contribute their own ideas, help shape the future and thereby participate in the change processes. With awareness and empathy, changes are turned into innovations and harnessed for BayernLabo's continued corporate success. This completes the circle for many further generations.

Promoting the homeland goes digital – with BayernLabo's service portal

"We are on the verge of rolling out the digital housing subsidy application process across Bavaria. Strong commitment throughout, an iterative approach to the project and close co-operation with the Bavarian State Ministry of Housing, Construction and Transport and the Bavarian authorising agencies were the key success factors." Manuela Sill, Project Manager

Progressive digitalisation has led to growing demand for online services in the development banking environment. Many customers now expect to be able to do their banking from the comfort of their own homes and without paper, and this trend will increase in the future. In particular, the ability to submit applications online is playing an increasingly important role.

In our 2021 issue, we presented the customer information and service system project, which BayernLabo uses to provide answers to questions about the digital future. Among other objectives, the service portal aims to

- enhance customer satisfaction in all business areas through digital services,
- centrally fulfil the requirement of the Online Access Act (OZG) for the two-stage approval process for housing subsidies in Bavaria, and
- lay the foundation for future digitalisation in housing subsidy programmes.

What has been crucial to the successful implementation to date, what can be learned from it, and where do we go from here?

Joining forces for the digital future

In the first half of 2022, selected authorising agencies worked with project members to test the service portal's new functions for online applications. The authorising agencies were given access to the service portal and asked to test various practical scenarios and describe their experiences with and impressions of the system. In addition to functionality, usability was also tested. Thanks to their great technical expertise, these testers have been instrumental in identifying errors and optimising content, and have provided input for further developments. Based on the results from the test phase, the online application process in the service portal was further improved and expanded.

By December 2022, the time had finally come, and the digital process for applying for housing subsidies went into pilot operation. Since then, requests for owner-occupied housing subsidies can be submitted and processed digitally at the ten participating authorising agencies. Applicants can access the digital application process on BayernLabo's website. In the process leading up to the loan commitment, they continue to receive competent, personal advice from the authorising agency – either completely online, on site at the authorising agency, or in a mixture of both, as desired.

As in the test phase, the authorising agencies participating in the pilot operation are working closely with BayernLabo in order to successively further improve the system. Our conclusion to

date: the test phase and pilot operation were, or are, very valuable elements in adapting the service portal to the needs of customers, authorising agencies and BayernLabo employees as optimally as possible.

Better quality thanks to gradual roll-out

In addition to flawless functionality, an effective service portal must offer an intuitive user interface that can be navigated easily by users. Functions are being developed, tested and introduced in small steps in order to enhance the chances of success in this regard. The steps to this end are being taken in roughly the following order:

- Improvement of online services for existing customers, some of which are already on offer
- Development and testing of the digitalised two-stage approval process
- Piloting and roll-out of the online application process for owner-occupied housing subsidies
- Outlook: roll-out of the online application for rental housing and municipal subsidies

In practice, these milestones comprise much smaller steps. For example, even during the test phase and pilot operation, functions were successively optimised or details were added. Such an approach requires patience and flexibility on the part of all involved. However, this patience and flexibility pays off: important feedback for improvements can be collected quickly and the overall quality can be enhanced.

Looking ahead

In the meantime, the digital application system for owner-occupied housing subsidies is about to be introduced throughout Bavaria. In parallel, work is already underway on integrating further subsidy modules. Customers in the rental housing and municipal business will also be able to apply online for selected subsidy programmes via the service portal during the course of 2023.

Even if this means that the project goal will have been achieved, the service portal is continuing to develop in an exciting way. In today's world, it is essential that banks – and consequently also development banks – continuously improve their online tools to enable their customers and partners to use them conveniently and effectively. New online services, coupled with optimised existing services, can improve customer satisfaction and loyalty further in the future. The same probably holds true for an online portal as it does for the garden of a new and happy homeowner: there's always something to do.



It's not everyday life, but digitalisation can also look like this: process designing using LEGO SERIOUS PLAY; photo: BayernLabo

The Bavaria Housebuilding Booster

"With the Bavaria Housebuilding Booster, we're taking our lead from the successful Bavarian Housing Pact and thereby becoming an anchor of stability in difficult times."

Christian Bernreiter, Bavarian State Minister for Housing, Construction and Transport



Christian Bernreiter, Bavarian State Minister for Housing, Construction and Transport; photo: StMB

With the Bavaria Housebuilding Booster, which the Bavarian state government approved in January 2023, we are significantly improving our existing subsidy programmes. This benefits both private individuals building or purchasing their own four walls as well as companies looking to create affordable rental housing.

New opportunities as part of the Bavarian residential construction programme

In rental housing, the property-based loan doubles from the previous 25 percent to an average of 50 percent of the cost ceiling. We are maintaining the attractive interest rate of 0.5 percent per year over the entire loan term.

We are also increasing the general subsidy again and introducing a new subsidy for rental housing built in town centres. As a consequence, we are also strengthening our centres as residential locations, especially in rural areas.

In terms of homeowner subsidies, our focus is primarily on families, which is why we are increasing the child subsidy from EUR 5,000 to EUR 7,500 per child. Second property purchases can also be subsidised with an increased grant of up to EUR 50,000.



Municipal housing subsidy programme (KommWFP)

As a strong signal to our communities seeking to create affordable housing, we will gradually extend the funding parameters up until 2030. At the same time, we are introducing an additional subsidy bonus of 10 percent of eligible costs if existing building fabric is used.

Bavarian modernisation programme (BayMod)

For investments in existing residential buildings, the general subsidy in the Bavarian modernisation programme increases to up to EUR 300 per square metre. The interest rate for the subsidised loan is additionally reduced by around 2 percent.

With the Bavaria House-building Booster, we are improving our subsidy programmes and thereby ensuring stability and planning security in subsidised housing construction.

The improvements have already been implemented in the new Subsidised Housing Programme 2023 (WFB 2023), which take effect as of 3 May 2023, and in the new KommWFP and BayMod guidelines, which take effect as of 10 May 2023. By communicating the improved subsidy conditions as early as possible, we ensured that projects could continue to run without interruption. Rapid implementation provides the urgently needed planning security and strengthens confidence in subsidised housing in Bavaria.

Bavaria loans

Alongside the subsidisation of rental housing, the promotion of home ownership is a central concern of the Bavarian state government. For this reason, we are further developing the interest subsidy programme into a so-called Bavaria loan. Interest rates will be reduced by 1.5 percentage points for new builds and first-time purchases, and by a further 0.5 percentage points for second-time purchases of existing buildings. Guarantees from the Free State for bank loans, which reduce the amount of equity required, comprise a further component.

We are thereby improving the overall conditions for many families to realise their dream of owning their own home, while at the same time making provisions for their old age.

Several criteria must be met in order to receive the grant. The exact funding conditions and information on how to apply can be found on the website at: www.wohnen.bayern.de.

Sustainable wood hybrid construction – 88 apartments at affordable rents

"The municipal housing subsidy programme creates affordable housing in communities. Especially in combination with sustainable construction, projects with exemplary character such as the one in Utting can be realised."

Wolfgang Schmidt, Department Manager, Municipal Lending

A special measure was implemented in the municipality of Utting am Ammersee as part of the municipal housing subsidy programme (KommWFP).

On the so-called Schmucker site, the municipality's company built a new housing complex with 88 subsidised barrier-free housing units in various dimensions. The total of six houses in the new facility were built using wood hybrid construction methods. Wood was used as a building material for all load-bearing walls as well as for the individual apartments – the facility was thereby built in a largely carbon-neutral manner.

Florian Hoffmann, first mayor of the municipality of Utting am Ammersee, commented on the wood hybrid construction: "Tenants will really appreciate this thanks to the good interior climate as well as the low heating costs."



Residential complex on the Schmucker site in Utting; photo: © Herbert Stolz

As a consequence, the municipality of Utting is not only setting an important course for more climate protection in construction, but is also expanding its supply of urgently needed affordable housing. In this context, the project represents an important component of the municipal provision of public services.

The fact that the municipality of Utting itself is acting as developer is due to the Free State of Bavaria's municipal housing subsidy programme. The total cost of the construction project amounted to around EUR 44.5 million, according to the funding notification from the government of Upper Bavaria. For this, the municipality receives a state subsidy of EUR 12.8 million from the municipal housing subsidy programme and a low-interest loan of EUR 19 million from BayernLabo. The owner of the entire site and the apartments remains the municipality of Utting, which thereby creates immense asset value, as emphasised by Florian Zarbo, managing director of the municipality's company that is carrying out the development.



From left: Florian Hoffmann (First Mayor of Utting am Ammersee), Michaela Kaniber (Bavarian State Minister for Food, Agriculture and Forestry), Christian Bernreiter (Bavarian State Minister for Housing, Construction and Transport); photo: Stefanie Büchl, StMELF

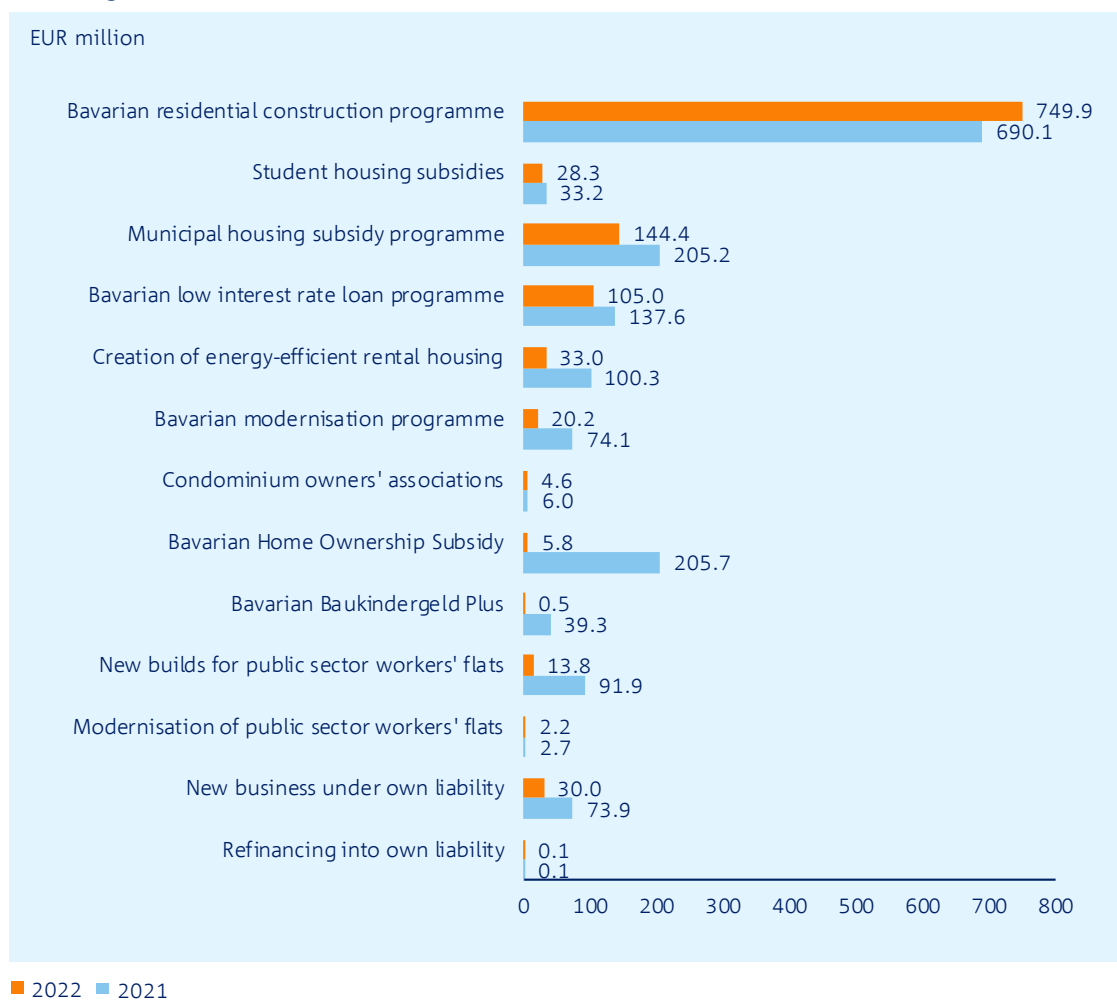
03 Subsidised housing at a glance

Subsidised housing at a glance

Not all people have the means to afford adequate family housing. For this reason, the Free State of Bavaria and BayernLabo support citizens in a variety of ways. Customised subsidised housing programmes are helping to create socially anchored and affordable housing while also taking ecological aspects into stronger consideration.

In 2022, BayernLabo approved a total of EUR 1,137.8 million (previous year: EUR 1,660.1 million) in loans and grants for subsidised housing, and subsidised 8,532 residential units (previous year: 11,953). Although the volume of new business is down on the previous year, it is still good given the uncertain geopolitical situation and the rise in interest rates.

Loan and grant commitments



In the Bavarian residential construction programme, the total volume of commitments for rental and owner-occupied housing subsidisation amounted to EUR 749.9 million (previous year: EUR 690.1 million), of which EUR 541.7 million (previous year: EUR 550.6 million) was attributable to loans and EUR 208.2 million (previous year: EUR 139.5 million) to investment grants. In the fiduciary business, loans are divided into amortising loans of EUR 513.4 million (previous year: EUR 378.9 million) and non-repayable loans of EUR 28.3 million (previous year: EUR 31.9 million). No loans were granted from own funds in 2022 (previous year: EUR 139.8 million). In total, the Free State of Bavaria and BayernLabo subsidised the construction of 6,433 apartments and housing places, including 3,186 rental apartments, 2,890 owner-occupied apartments and 357 housing places.

Student accommodation is also in short supply. The 591 subsidised housing places provided relief in this context. A total of EUR 28.3 million in loans was approved for student accommodation.


Student dormitories, Chiemgaustraße, Munich
Subsidies for student accommodation
Builder-owner: Studentenwerk München
Planner: GEIER MAASS ARCHITEKTEN GmbH, Berlin
Photo: © Silvie Tillard, Munich



BayernLabo committed a total of EUR 144.4 million in the Municipal Subsidised Housing Programme and subsidised 508 rental apartments. Of this amount, EUR 76.5 million (previous year: EUR 117.0 million) went to internally funded loans and EUR 67.9 million (previous year: EUR 88.2 million) to investment grants from budget funds.

In the Bavarian low interest rate loan programme, loans amounting to EUR 105.0 million were approved. A total of 33.6 percent of the loans, or EUR 35.3 million (previous year: EUR 61.7 million), was committed with a 15-year interest rate lock-in period. The most popular loans were those with fixed interest rates for a 30-year term accompanied by full repayment. Here, a lending volume of EUR 59.2 million (previous year: EUR 69.7 million) was approved. To strengthen the subsidisation of owner-occupied housing, this programme was also granted a special contingent of EUR 30 million from our company with the more favourable interest rate from the 15-year fixed-interest period. The 10-year fixed-interest option only played a minor role, with commitments of EUR 10.5 million (previous year: EUR 6.2 million). In total, loans were committed for 804 owner-occupied apartments and houses. This included 695 homes under the Bavarian residential construction programme.

In addition to subsidies for rental housing under the Bavarian residential construction programme, in 2022 BayernLabo provided EUR 33.0 million in subsidies for the creation of 250 energy-efficient rental housing units.



**250 energy-efficient
apartments
subsidised!**



**A total of EUR
20 million for
sustainable
modernisation!**

In the Bavarian modernisation programme, the volume of approvals amounted to EUR 20.2 million. Of this amount, EUR 15.5 million (previous year: EUR 68.2 million) related to internally funded BayernLabo loans and EUR 4.7 million (previous year: EUR 5.9 million) to investment grants from government budget funds. The funds supported the construction, modernisation and overhauling of 169 rental homes and 44 places in care homes.

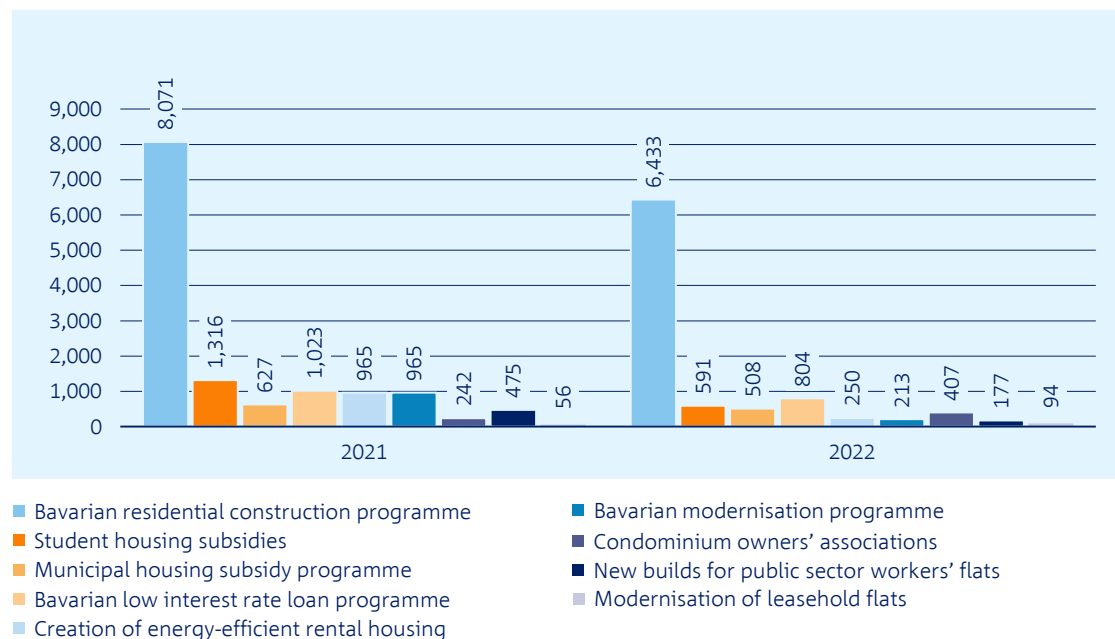
The granting of low-interest association loans to owners' associations also promotes the modernisation of existing housing. In 2022, 407 apartments in Bavaria were modernised or renovated to be energy-efficient in a volume of EUR 4.6 million.

The approval volume for the Bavarian Home Ownership Subsidy amounted to EUR 5.8 million and, for the Baukindergeld Plus programme, EUR 0.5 million. The decrease is due to the fact that the 2020 subsidy programmes expired and only the applications submitted before the end of 2020 were processed in the year under review.

In 2022, 177 state employee housing units were funded at a cost of approximately EUR 13.8 million. Of this amount, EUR 12.8 million (previous year: EUR 82.1 million) related to loans for people on low incomes to live in their own home and EUR 1.1 million (previous year: EUR 9.8 million) to government grants.

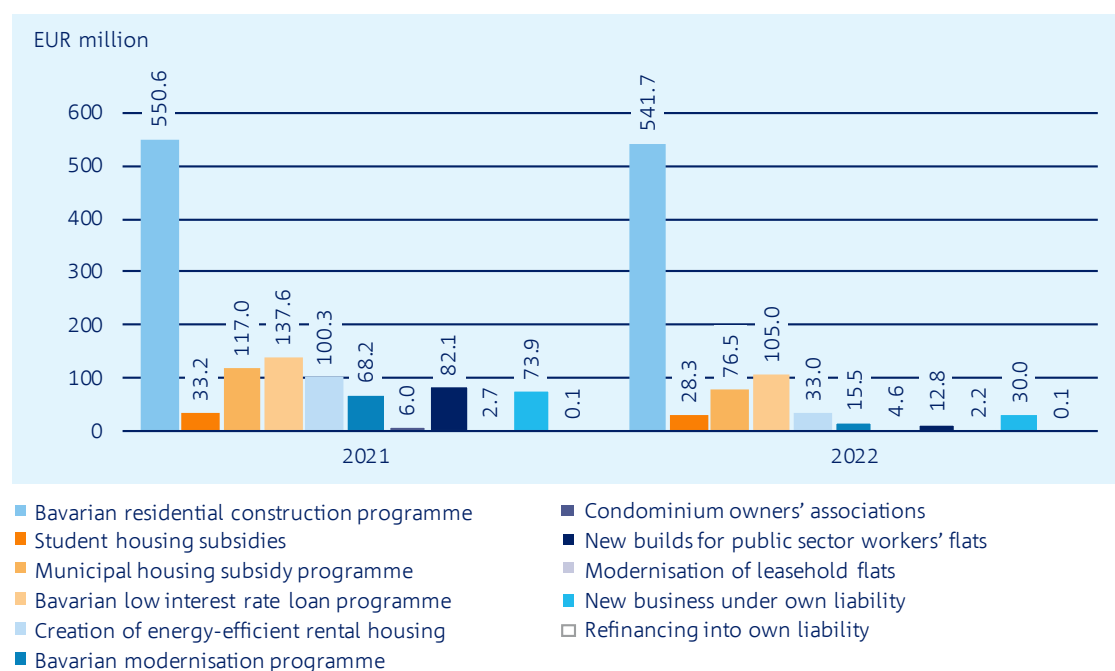
In addition to the Bavarian modernisation programme, 94 state employees' apartments (leasehold apartments) were modernised or repaired with loans totalling EUR 2.2 million.

Subsidised homes and places in residences (including combined subsidy¹)



¹ Combination subsidies: homes subsidised under both the Bavarian residential construction programme and the Bavarian low interest rate loan programme.

Loan commitments

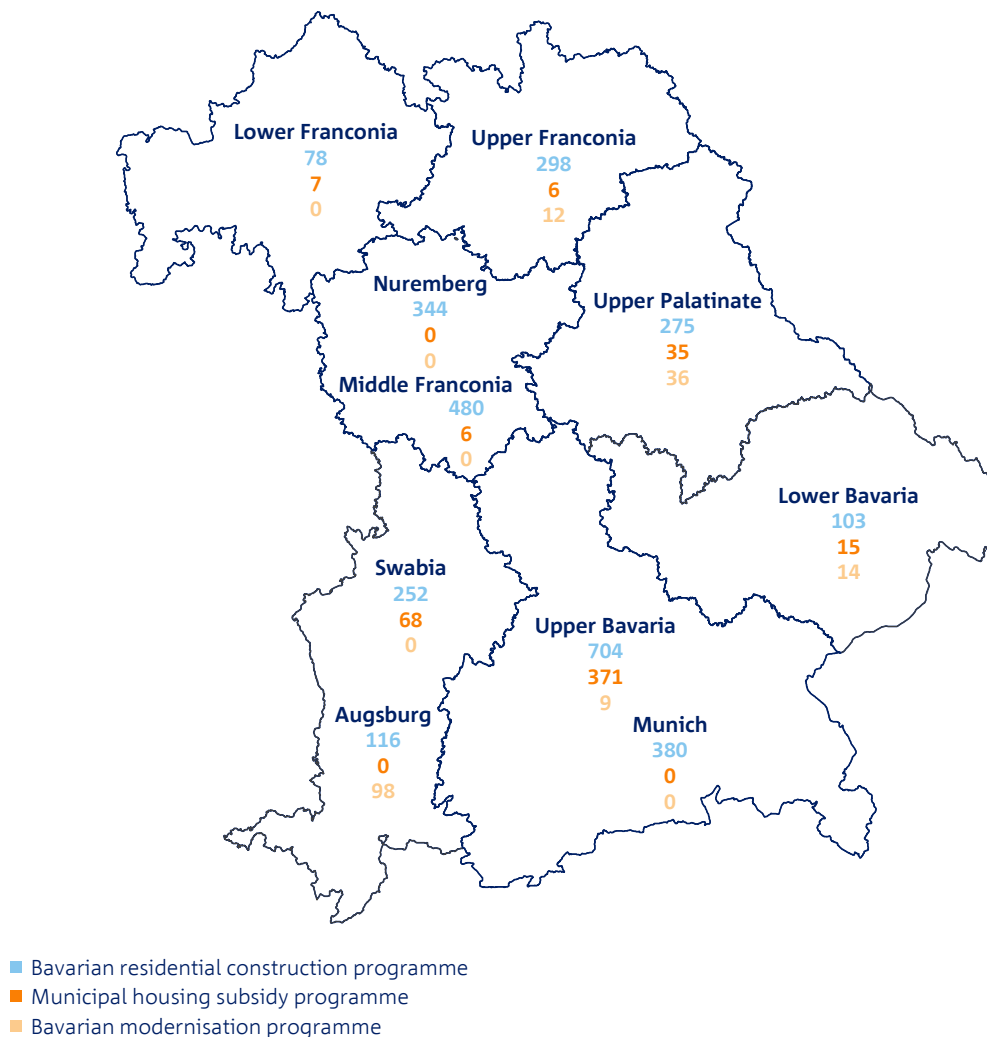


04 Subsidised rental housing in apartment buildings

Subsidised rental housing in apartment buildings

Germany is the number one tenant country in the European Union (EU). In Bavaria, more than half of all households (54 percent) rent their place of residence. Rental prices have exploded in recent years, especially in cities experiencing net inflows of young people. For some time now, rents in surrounding areas have also been rising at a considerably higher rate. Moreover, suitable land for creating more rental housing is scarce. Providing affordable housing is still highly topical as a consequence. In 2022, as in previous years, BayernLabo supported the financing of rental housing in apartment buildings through the Bavarian residential construction programme and with the municipal housing subsidy programme. In addition, low-interest capital market loans were granted as part of the Bavarian modernisation programme. A total of 3,707 rental homes were subsidised, distributed across the individual regions as follows:

Rental homes (without structural adaptation) subsidised in 2022



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

	2022			2021		
	Loans in EUR million	Grants in EUR million	Number of homes	Loans in EUR million	Grants in EUR million	Number of homes
Bavarian residential construction programme						
Income-based subsidies (IBS)						
New builds	457.2	138.3	2,995	466.4	76.1	3,953
Expenditure-based subsidies (EBS)						
New builds	7.5	1.5	35	3.9	0.5	28
Modifications to buildings and residential space	–	–	–	–	–	–
Municipal housing subsidy programme	76.5	68.0	508	117.0	88.2	627
Bavarian modernisation programme	13.1	3.9	169	65.8	5.3	757
Total	554.3	211.7	3,707	653.1	170.1	5,365

State-subsidised business does not include any structural adaptations to meet the needs of people with disabilities. These are listed separately in section 07.

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

With the income-based subsidy, BayernLabo offers low-interest loans as well as additional grants for new builds, initial purchase, conversion, and refurbishment measures for apartment buildings. From 1 April 2022, with initial purchases, residential buildings were required to satisfy the provisions of the Subsidised Housing Programme 2022, be a new build, and be occupied for the first time.



The subsidy for rental housing consists of a basic subsidy for the contractor/buyer and a supplementary subsidy for the tenant. Basic loan assistance establishes occupancy rights in rental housing in apartment buildings. The rent is to be based on the lower end of the local initial rental rate.

The contractor/buyer receives a property-based loan and an occupancy-based loan. As an alternative to the 25-year rent control and occupancy commitment, a 40-year option was also on offer during the reporting period. This protects the tenants and provides planning certainty for the contractor, as the favourable terms of the subsidy are locked in for 40 years.

Property-based subsidy

The property-based loan was granted at an interest rate of 0.50 percent in the year under review, and with a 25-year occupancy commitment amounted to up to EUR 650 per square metre of subsidised residential area. This loan amount increased by up to 25 percent for homes particularly worthy of subsidisation.

In order to create an incentive to build new social housing, the supplementary subsidy per square metre of subsidised living space was increased to up to EUR 500. For extensions to existing buildings in the "Well on the way – sustainable renewal and extension" funding module, the supplementary grant was increased to up to EUR 625 per square metre.

The sustainability grant was introduced to subsidise particularly sustainable projects. This amounts to up to EUR 200 per square metre of living space. To promote projects that achieve at least the Efficiency House Standard 55, an energy efficiency subsidy of an additional EUR 100 per square metre of living space was granted in 2022.



**Supplementary
grant raised
from EUR 300 to
EUR 500 per
square metre!**

Occupancy-based subsidies

The occupancy-based loan carried interest of 1.75 percent in the year under review. This partially helps cover the subsidy amounts that must be raised for the supplementary subsidy to tenants. As a consequence, the loan amount also depends on the occupancy structure of the subsidised property agreed between the landlord and the authorising agency.

Supplementary subsidy for tenants

Tenants receive a supplementary subsidy, depending on their income level, which reduces the market rent to a reasonable rent for them. This supplementary subsidy is financed pro rata from the interest earned on the occupancy-based loan. The grants are approved and disbursed by district offices or independent cities.

Photo on next page:
Residential complex Athanasius-Kircher-Straße 13 – 19, Würzburg, OT Hubland
Income-based subsidies
Subsidy recipients: Aberdeen Standard Investments
Planner: Architekturbüro Meier, Miesbach
Photo: © TBB Ten Brinke-Projektentwicklungs-GmbH



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 linked to the economic result from the statement of income and expenditure. In order to close the gap between the achievable rental income and the current expenses per year, a loan is approved in the amount of the resultant difference. This enables the subsidy to provide adequate funding, particularly in rural areas. An interest rate of 0.50 percent is charged on the subsidised loan. A supplementary grant of up to EUR 500, a sustainability grant of EUR 200 and an energy efficiency grant of EUR 100, each per square metre of living space, were also awarded in the expenditure-based grant. The occupancy commitment was 25 or 40 years.

Three new sustainability building blocks!



State-subsidised business under the Bavarian residential construction

programme – IBS and EBS

EUR million	2022	2021
Income-based subsidies (IBS)		
Property-based loans	200.1	237.6
Occupancy-related loans	257.1	228.8
Expenditure-based subsidies (EBS)		
Building loans	7.5	3.9
Total loans	464.7	470.3
Number of subsidised homes – total	3,030	3,981

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

Climate change is now ubiquitous. The reduction of greenhouse gases, the conversion of our energy system to renewable energy, and compliance with certain energy efficiency values are inevitable with the enactment of the German Building Energy Act (GEG).

In addition to subsidies for rental housing, BayernLabo promotes the creation of energy-efficient rental homes by providing fixed-term low-interest loans. Subsidies were 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.

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

	2022	2021
Loans in EUR million	33.0	100.3
Number of subsidised homes – total (already included in IBS/EBS)	250	965

The municipal housing subsidy programme – KommWFP

With the Municipal Subsidised Housing Programme (KommWFP), the Free State of Bavaria cooperates with BayernLabo to support municipalities in planning and building 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 latitude in the process.



In addition to the government grant of 30 percent of the investment costs (including purchasing the land), the programme offers optional development 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, in 2022 municipalities continued to be able to calculate the costs until full amortisation based on the current historically low interest rate, despite increases.

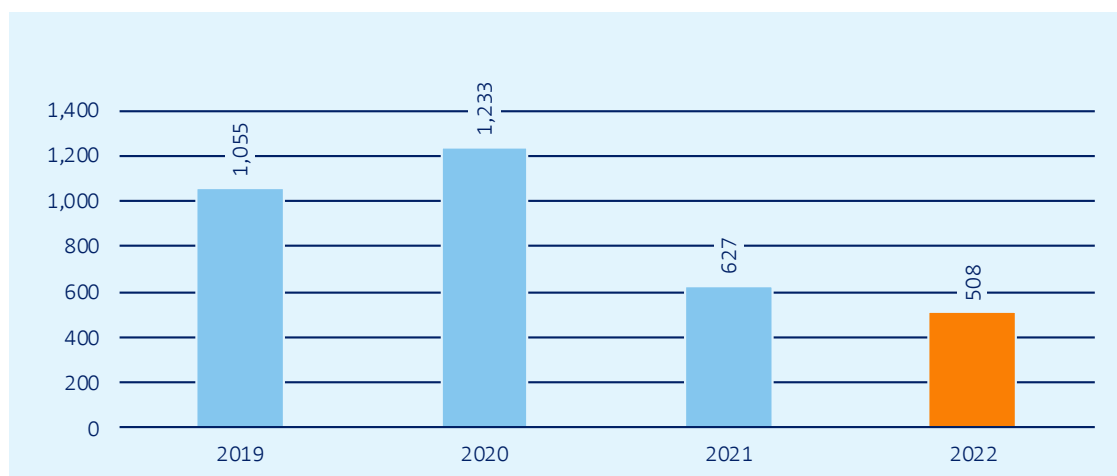
Fixed interest rates with up to 30-year terms!

The interest rates offered in 2022 were in some cases significantly below the capital market level.

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

In 2022, the volume of loans taken out decreased year on year to EUR 76.5 million (previous year: EUR 117.0 million). Grant volumes also went down, to EUR 67.9 million (previous year: EUR 88.2 million). Funding was provided for 50 applications (previous year: 45) or 508 rental apartments (previous year: 627).

KommWFP – subsidised homes





Residential building at the Zugspitzring, Neu-Ulm (Ulmer Hofgut)
 Municipal housing subsidy programme and income-based subsidies
 Builder-owner: City of Neu-Ulm and NUWOG Wohnungsbaugesellschaft der Stadt Neu-Ulm GmbH
 Planner: eap Architekten und Stadtplaner PartGmbH, Munich
 Photo: © Florian Schreiber, Munich

Since the KommWFP was set up in 2016 it has subsidised 5,560 residential units. In 2019, the programme was initially extended for a further four years to 31 December 2023. The Bavarian state government has laid the foundation for successively extending the programme until 2030.

Bavarian modernisation programme

A key issue for the housing industry is implementing the energy transition in existing buildings. A wide range of tasks, such as energy modernisation and greenhouse gas reduction, age-appropriate conversion and repair, must be tackled, but without placing too great a financial burden on tenants and loan recipients. This is where the Bavarian modernisation programme comes in.



To promote the modernisation of rental housing and places in residential care homes, BayernLabo granted loans for up to 100 percent of the costs eligible for subsidisation financed from its own funds. The current interest rate can be found at bayernlabo.de. In addition, borrowers received a grant of up to EUR 200 per square metre of residential space (no more than 25 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- or 20-year occupancy commitment in the event the property is re-let. If apartments become available for re-renting during this period, they must be re-rented to interested parties from the beneficiary group. A general occupancy right exists for households whose total income does not exceed the income limit in Article 11 of the Bavarian Subsidised Housing Act (BayWoFG).

After 10 or 20 years, as the case may be, 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.

**Grant raised
from EUR 100
to EUR 200
per square
metre!**

State-subsidised business under the Bavarian modernisation programme

	2022		2021	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
Bavarian modernisation programme	13.1	169	65.8	757

In the Bavarian modernisation programme in 2022, 44 (previous year: 208) residential care homes were subsidised with loans of EUR 2.4 million (previous year: EUR 2.3 million) and grants of EUR 0.8 million (previous year: EUR 0.6 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 1.2 million (previous year: EUR 0.9 million) for loans with a 20-year interest rate lock-in as part of an independent part of the programme for the modernisation of housing ("Modernisieren Wohnen") in 2022.

05 Subsidisation of owner-occupied houses and apartments

Subsidisation of owner-occupied houses and apartments

Owner-occupied housing forms an important pillar of the housing market. Due to the shortage of building land and rising real estate prices, it is becoming increasingly difficult for people, especially for families with children, to realise their dream of owning their own home. The Free State of Bavaria and BayernLabo support private individuals who comply with certain income limits (see page 109) in the construction of a new home or the purchase of an owner-occupied home under the Bavarian residential construction programme and the Bavarian low interest rate loan programme.

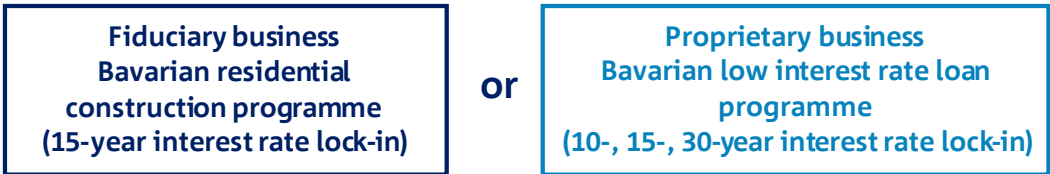
The programmes can be approved individually or in combination and facilitate financing in several ways: the Bavarian residential construction programme provides borrowers with low-interest building loans and grants, while the Bavarian low interest rate loan programme provides borrowers with low-interest loans. The subsidised loans are secured in the land register in rank after capital market and home savings loans. This minimises the risk for the senior financing partner and often makes financing possible in the first place.

The Bavarian low interest rate loan programme with 10- and 15-year fixed interest rates offers a more favourable interest rate in the individual subsidy than in the combined subsidy. Current interest rate information can be found at bayernlabo.de. BayernLabo bears the costs of the interest rate reduction in its proprietary business and thereby makes an important contribution to establishing home ownership in Bavaria.



Subsidy combinations for own homes

Individual subsidy



Combined subsidy





Hugo-Wolff-Straße new construction project, Ingolstadt

Income-based subsidies

Builder-owner: Gemeinnützige Wohnungsbaugesellschaft Ingolstadt GmbH

Planner: Architekturbüro Beyer und Dier, Ingolstadt

Photo: © Florian Schreiber, Munich

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

Number of homes	2022	2021
Bavarian residential construction programme		
New builds	302	310
Purchases	555	658
Bavarian low interest rate loan programme		
New builds – combined subsidy	247	262
Purchases – combined subsidy	448	560
New builds – individual subsidy	78	134
Purchases – individual subsidy	31	67

State-subsidised business does not include any structural adaptations to meet the needs of people with disabilities. These are listed separately in section 07.

In 2022, loans of EUR 153.6 million (previous year: EUR 185.6 million) were granted via BayernLabo for building and buying own homes, which enabled 966 owner-occupied homes (previous year: 1,169 owner-occupied homes) to be subsidised in the Free State of Bavaria. Of these, subsidies solely from proprietary business accounted for 109 measures and solely fiduciary subsidies for 162. The remaining 695 residential units were subsidised in both the fiduciary and proprietary business.

The map below shows the regional distribution of the homes subsidised in 2022 – separately for the Bavarian residential construction programme and the Bavarian low interest rate loan programme – broken down further by new builds and purchases of owner-occupied property:

Regional breakdown of subsidised owner-occupied homes

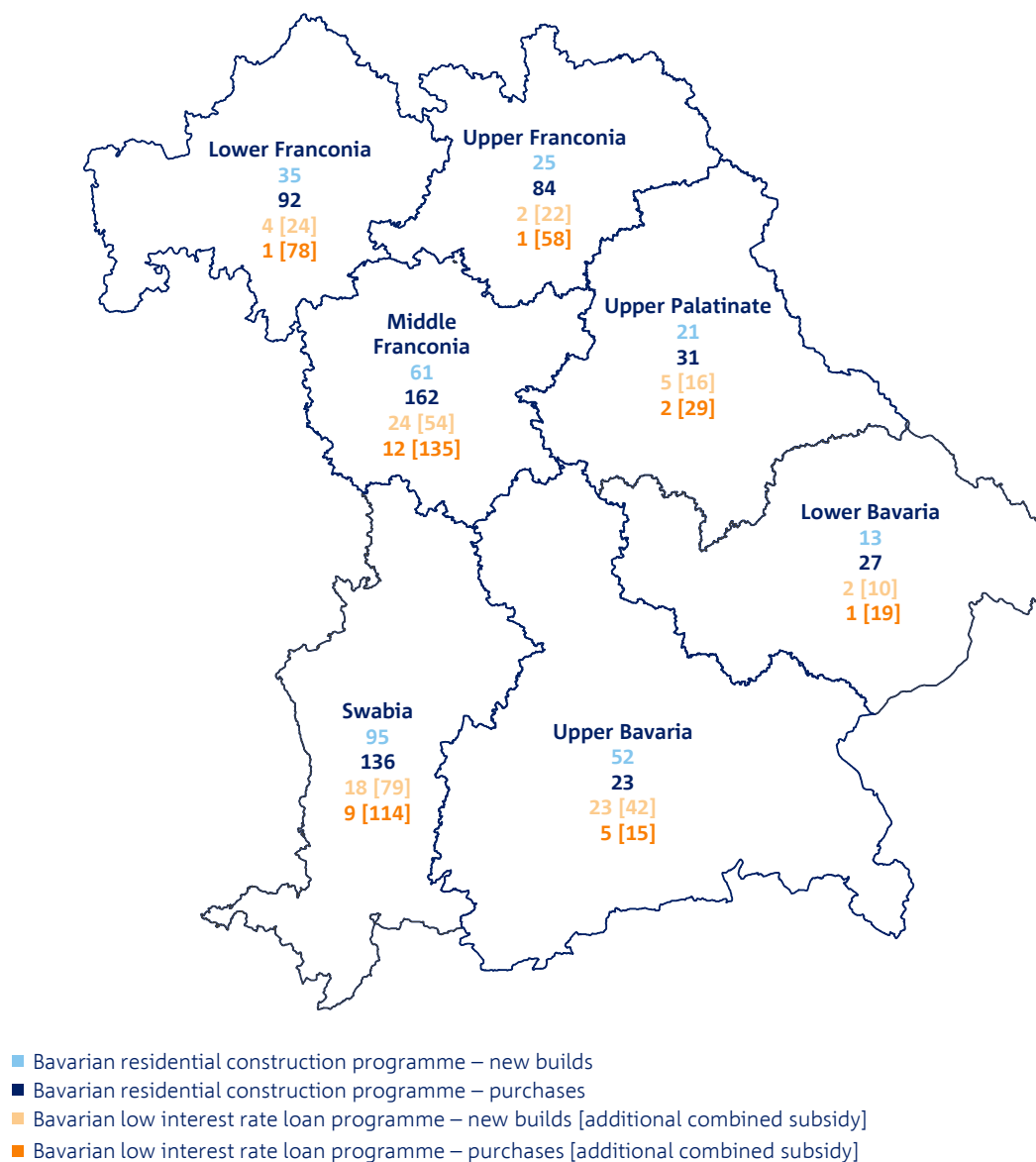


Photo on next page:
 Nikolastraße residential complex, Landshut
 Income-based subsidies
 Builder-owner: Katholisches Wohnungsbau- und Siedlungswerk der Diözese Regensburg GmbH
 Planner: Eck-Fehmi-Zett Architekten BDA, Landshut
 Photo: © Georg Huber



Bavarian residential construction programme (subsidisation through amortising loans and grants)

The special aim of the Bavarian residential construction programme is to help households with children and low to average incomes to buy their own homes. The Free State of Bavaria and BayernLabo provide funding in the form of low-interest loans and one-off grants, taking social urgency into account.



The interest rate for the first fifteen years amounts to 0.50 percent p.a.

The loan amounts to up to 30 percent of eligible costs for new construction (building and initial purchase) and up to 40 percent for second-time purchases, in other words, the purchase of a house or apartment that is already in use.

It is important that families can also afford the running costs and interest incurred. To ensure that this burden can be borne by the borrowers in the long term, the subsidies are approved at an appropriate level. The subsidised loans are secured in the land register in rank after capital market and home savings loans.

As a child-friendly component, households with children received a child grant of EUR 5,000 per child in addition to the loan. This also applies if the birth of one or more children is expected due to an existing

**Child grant
of EUR 5,000
per child!**

pregnancy at the time of application. In 2022, approximately EUR 8.6 million worth of grants for children was approved.

Furthermore, the purchase of existing family homes and owner-occupied flats is subsidised with an additional grant. This amounts to 10 percent of the eligible costs, up to a maximum of EUR 30,000. Borrowers also receive the additional grant if the building purchased is replaced by a new build, or a new build is constructed on a conversion or inner-city brownfield site. In 2022, an amount of EUR 0.06 million was approved for this purpose.

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

	2022		2021	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
New builds	19.0	302	16.7	310
Purchases	29.6	555	31.3	658
Total	48.6	857	48.0	968

State-subsidised business does not include any structural adaptations to meet the needs of people with disabilities. These are listed separately in section 07.

Bavarian low interest rate loan programme to subsidise home ownership

Under the Bavarian low interest rate loan programme, BayernLabo, with the support of KfW, subsidised the new construction and purchase of owner-occupied homes in the form of detached and semi-detached homes and owner-occupied apartments, and the modification and extension of owner-occupied buildings. Unlike the Bavarian residential construction programme, rental housing located in detached homes is not subsidised, but instead only owner-occupied housing intended for the applicant. Income limits also govern the Bavarian residential construction programme. The loans under the Bavarian low interest rate loan programme were secured subordinatedly, as with government building 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, loan variants with a 10-, 15- and 30-year (fully amortising) interest rate lock-in were offered in 2022. The fully amortising variant allows the applicant to plan with optimum certainty, as they are protected from future changes in interest rates.

The Bavarian low interest rate loan programme can be used individually (individual subsidy) or in combination with the state building loan from the Bavarian residential construction programme (combined subsidy).

In the case of individual subsidies, BayernLabo further reduces the final borrower interest rate for the 10- and 15-year fixed interest rates compared to the combined subsidy.

With the full amortising variant, by contrast, the interest rates are identical for individual and combined subsidies.

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

	2022		2021	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
Bavarian low interest rate loan programme				
Combined subsidy	85.2	695	101.9	822
Individual subsidy	19.9	109	35.7	201
Total	105.1	804	137.6	1,023

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. Applications could be submitted until 31 December 2020 (end of the directive).

In the one-step approval process, BayernLB issued notices in the name of and on behalf of the Free State of Bavaria. The purpose of this benefit was to support home ownership in Bavaria. This is to create additional living space and at the same time increase the rate of home ownership.

With Bavarian Baukindergeld Plus (BKG+), 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 ten years, by an additional EUR 300 per child per year.

The Bavarian Home Ownership Subsidy (EHZ) is used to subsidise home ownership in Bavaria on a one-off basis in the amount of EUR 10,000.

The shift to portfolio processing of the 87,975 total cases approved up until 31 December 2022 (including 56,681 EHZ and 31,294 BKG+) often requires complicated administrative case processing. This includes issues such as change of property, issuance of repossession notices, and enforcement of repossession claims. Additionally, all approved cases within the occupancy commitment are reviewed for existing occupancy.

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

	2022		2021	
	Commitments EUR million	Number of notices	Commitments EUR million	Number of notices
Bavarian Home Ownership Subsidy	5.8	578	205.7	20,573
Bavarian Baukindergeld Plus	0.5	101	39.3	7,318

06 Subsidisation of condominium owners' associations

Subsidisation of condominium owners' associations

BayernLabo's modernisation programme provides condominium owners' associations with low-interest association loans for structural measures to modernise, renew and repair their common property in terms of energy efficiency as well as to reduce barriers. With the new guideline, since 1 August 2022, structural measures that are eligible for subsidies under the Federal Subsidy for Energy-efficient Buildings – residential buildings (BEG WG) or individual measures (BEG EM) – as amended from time to time, have received subsidies at reduced interest rates.



Provided that the buildings are at least 15 years old and comprise at least three apartments, the Bavarian modernisation programme for condominium owners' associations can fund up to 85 percent of the total eligible costs. 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).

**Financing
of up to 85 percent
of the total costs –
without the need
for real assets as
collateral!**

If the condominium owners' association receives a non-repayable investment grant from the BEG WG or BEG EM programmes, this grant can be used as a one-time unscheduled repayment of the loan. In 2022, commitments of EUR 4.6 million (previous year: EUR 6.0 million) were achieved.

State-subsidised business with condominium owners' associations

EUR million	2022	2021
Bavarian modernisation programme		
BEG loans (energy-efficient renovation)	–	2.6
Modernising living	4.6	3.4
Total loans	4.6	6.0
Number of subsidised owners – total	438	408

Photo on next page:
Hugo-Wolff-Straße new construction project, Ingolstadt
Income-based subsidies
Builder-owner: Gemeinnützige Wohnungsbaugesellschaft Ingolstadt GmbH
Planner: Architekturbüro Beyer und Dier, Ingolstadt
Photo: © Florian Schreiber, Munich



07 Subsidisation of facilities for people with disabilities

Subsidisation of facilities for people with disabilities

Especially for people with disabilities, residential living space is often of central importance. Such individuals also wish to live as independently and as autonomously as possible. BayernLabo supports them in this not only by means of conversion measures within their own living environment, but also by subsidising facilities for people with disabilities.

Subsidisation of facilities for people with disabilities

In order to enable people with disabilities to use social and public facilities (sports, recreation, culture) within their residential area, residential places should be created in individual and small-scale residential buildings or housing complexes that are well integrated within their localities.

BayernLabo subsidises the new construction and conversion of formerly inpatient residential units as well as special forms of housing for people with disabilities. State funding is available for up to 70 percent of eligible costs, depending on the type of facility. The subsidies can be applied for from the respective district government, the state capital Munich, or in the cities of Nuremberg and Augsburg.

In addition to non-repayable loans that are waived after expiry of a contractual occupancy commitment, amortising loans and grants were provided in 2022 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.



Link zu
stmb.bayern.de

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

	2022		2021	
	EUR million	Number of places in residences	EUR million	Number of places in residences
Loans in the disability plan for new builds	9.3	163 ¹	8.0	91 ¹
Total loans	9.3		8.0	
Grants – combined subsidy	16.8	–	6.7	–
Grants – individual subsidy	27.1	194	27.3	217
Total grants	43.9		34.0	
Total	53.2	357	42.0	308

¹ 67.0 percent of the financing was provided from public funds (19.0 percent loans, 48.0 percent grants). 17.0 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 16.0 percent.

Photo on next page:

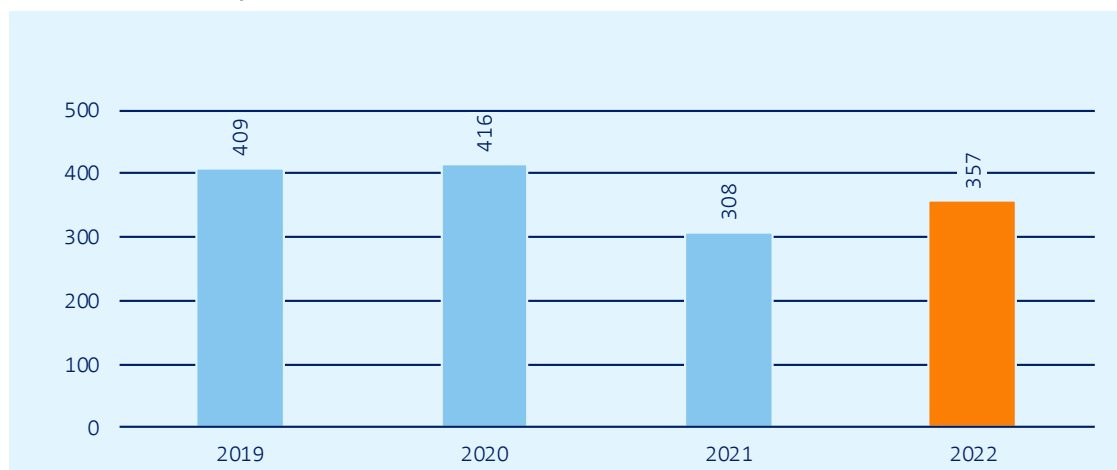
New construction of 24 residential places for people with disabilities in a special form of housing under the Federal Partial Participation Act (BTHG) and a support facility with 24 places, Würzburg State Disability Plan
 Builder-owner: Stiftung Wohnstätten für Menschen mit Behinderung, Würzburg
 Planner: GKP Architekten GmbH, Händelstraße 28, 97074 Würzburg
 Photo: © Johann Lechner



In addition to the subsidised loans and grants from the Bavarian residential construction programme, facilities for the disabled received further loans totalling EUR 8.5 million as well as grants of EUR 1.3 million (previous year: loans of EUR 6.0 million) from other public budgets for the subsidised housing places.

This additional subsidy amounted to an average of EUR 52,084 per residential place (previous year: EUR 65,604 per residential place).

Subsidised homes and places in residences



Structural adaptation for people with disabilities (adaptation measures)

To make it easier for people with disabilities to use their housing, the Free State of Bavaria supports the adaptation of existing owner-occupied and rented housing to meet the needs of people with disabilities. This enables people to remain within familiar surroundings even if they become disabled. Such measures can include, for example, the installation of a stair lift or a ramp for wheelchair users, a change in the layout of the apartment or the installation of sanitary facilities suitable for the disabled. These projects are subsidised in the Bavarian residential construction programme with a non-repayable building loan of up to EUR 10,000. The non-repayable building loan is converted into a grant after the five-year occupancy commitment period expires.

In the year under review, BayernLabo granted EUR 19.0 million of non-repayable building loans (previous year: EUR 24.3 million). As a consequence, a total of 156 rental apartments (previous year: 207 rental apartments) and 2,033 owner-occupied apartments (previous year: 2,607 owner-occupied apartments), or a total of 2,189 apartments (previous year: 2,814 apartments), were adapted to the needs of people with disabilities.



**2,189
apartments
structurally
adapted!**

08 Further subsidies

Further subsidies

Subsidies for student accommodation

The number of students in Bavaria has been rising steadily for years, and with it the need for affordable accommodation at university locations. The Free State of Bavaria and BayernLabo subsidise

- construction measures that create student accommodation in a new building (new build), the initial acquisition of such living space, as well as the expansion (extension, addition) of an existing building,
- the alteration (involving substantial construction) of buildings previously constructed and used as student accommodation, provided that at least 25 years have elapsed since the building was ready for occupancy on 31 December of the year in which the application is submitted,
- the acquisition and alteration into student accommodation of buildings (at substantial cost of construction) not previously utilised for residential purposes.

The government grant is provided in the form of a non-repayable building loan. This is free of interest and repayment for the duration of the intended use. The places in halls of residence for students thereby created may be rented only to needy students for a period of 25 years.

Beneficiaries of grants can be legal entities under public law, private law and natural persons.

The Bavarian State Minister of Housing, Construction and Transport is responsible for related approvals.

In 2022, loans of EUR 28.3 million (previous year: EUR 33.2 million) from the Free State of Bavaria were approved as student accommodation subsidies. These funds subsidised the construction and conversion of 591 places in halls of residence (previous year: 1,316 places) for students.

**591
affordable
places in halls
of residence
for students
created and
preserved!**

Construction and purchase of rental homes for public sector workers

It is in the state's interest to help transferred or newly hired employees of the Free State of Bavaria obtain housing at their place of employment that is appropriate to their income level and the size of their family.

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 2022, 177 (previous year: 475) rental homes were subsidised with loans of EUR 12.8 million (previous year: EUR 82.1 million) and grants of EUR 1.1 million (previous year: EUR 9.8 million).



Link zu
stmb.bayern.de

Photo on next page:

Student dormitory, Munich

Student accommodation subsidies

Builder-owner: Studentenwerk München

Planner: bogevischs buero, architekten & stadtplaner gmbh, Munich

Photo: © Michael Heinrich, Munich



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 2022 BayernLabo provided EUR 2.2 million (previous year: EUR 2.7 million) of subsidised loans for 94 (previous year: 56) rental homes.

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 73.9 million), commitments under BayernLabo's own liability decreased to EUR 30.0 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 2022, loans of EUR 0.1 million (previous year: EUR 0.1 million) were refinanced.

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 36.7 million in subsidies for rental housing was extended early in 2022.

In future BayernLabo will offer more forward conditions, at the customer's request, incorporating the experience gained to date.

In income- and expenditure-based subsidies, occupancy commitments expiring within five years can – upon application – be extended by a further 15 years directly to the previous end of the commitment. The loan conditions of the occupancy-dependent loan must then be reduced to the currently valid interest rate, while the conditions of the property-dependent loan continue to apply. In 2022, this enabled 226 residential units with a loan volume of EUR 14.5 million to be retained as social housing.

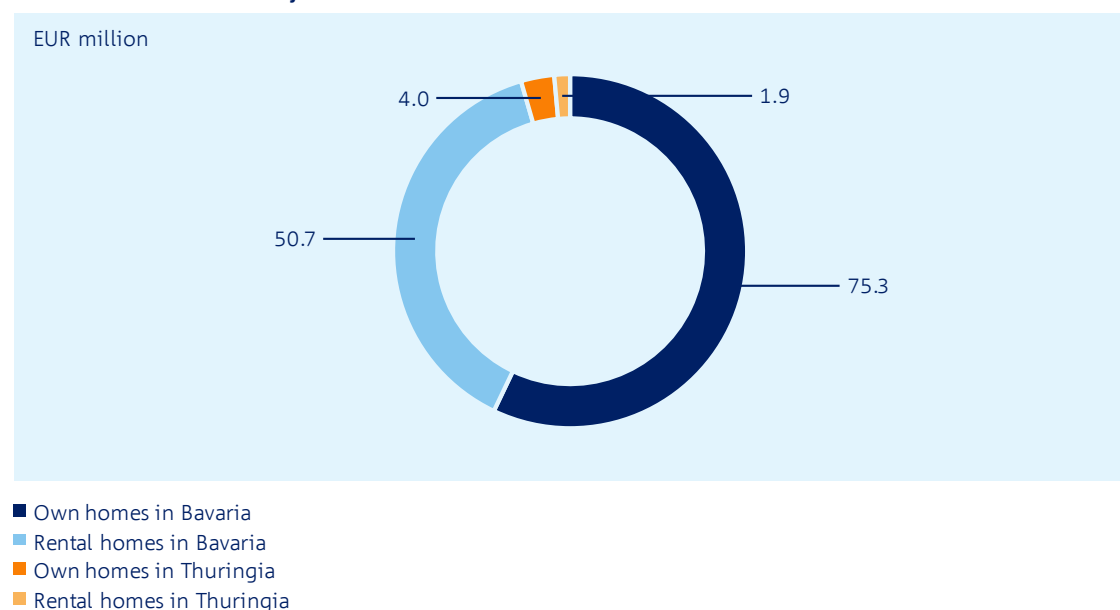
Adjustments to terms and conditions

After expiration of the occupancy commitment (rental housing subsidy) or expiration of the fixed-interest period (owner-occupied housing subsidy), BayernLabo submits an offer to the borrowers with new conditions for various fixed-interest periods.

Although attractive terms were offered at the end of the respective fixed-interest periods, the problematic market situation (the war in Ukraine and the coronavirus crisis) led to loans being held with a residual loan amount of only EUR 131.9 million (previous year: EUR 141.7 million). In the business in Bavaria, this corresponds to a retention rate of 47.2 percent (previous year: 46.1 percent) of the loans where the interest rate was due to change. In the business in Thuringia, this amounted to 67.7 percent (previous year: 74.7 percent).

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

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 affected residual loans of EUR 36.8 million (previous year: EUR 25.1 million), EUR 29.0 million (previous year: EUR 19.6 million) of which was retained. This represents a retention rate of 78.9 percent (previous year: 77.9 percent).

09 State and municipal lending

State and municipal lending

With a share of 36.5 percent (previous year: 39.1 percent) of loan portfolios, the Bavarian state and municipal loan business is BayernLabo's second business pillar.

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 BayernLB Group, and has worked closely with the municipal umbrella organisations and ministries to implement it consistently.

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

New elementary school (Grundschule am Wald), all-day room, Taufkirchen
Investkredit Kommunal Bayern (Bavarian municipal investment loan)
Builder-owner: Community of Taufkirchen
Planner: agn Niederberghaus & Partner GmbH, Ibbenbüren
Photo: Community of Taufkirchen



Municipal lending business

BayernLabo helps Bavarian local authorities, public-sector special-purpose associations and school associations to finance investments in the 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 also to refinance existing loans.

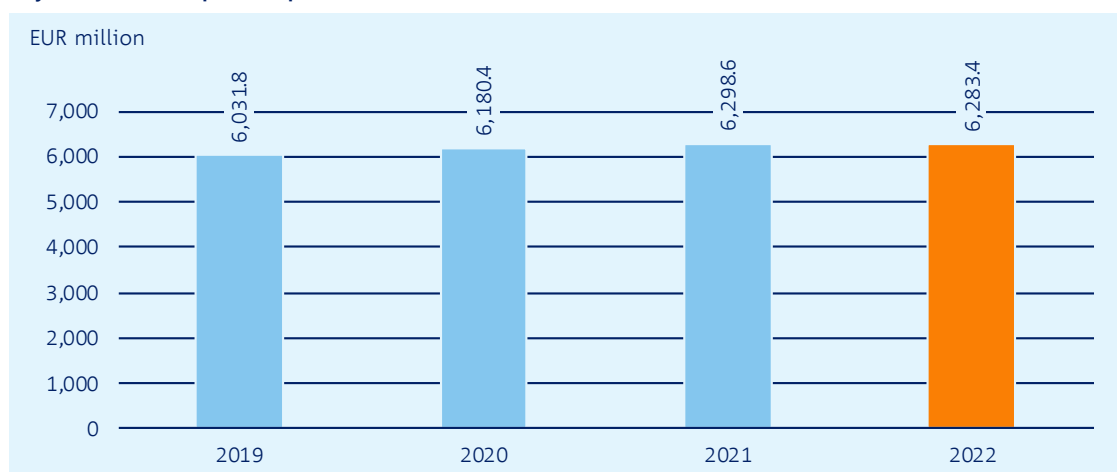
**Attractive
conditions
thanks to our
Aaa rating!**

The guarantee by the Free State of Bavaria enables BayernLabo to access low-cost funding on the capital market as a development bank with an Aaa 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 municipal loans of approximately EUR 6.3 billion and a market share of almost 40 percent, BayernLabo remains the market leader in Bavaria in this segment.

The volume of new loans in the municipal lending business totalled EUR 644.2 million in 2022 (previous year: EUR 778.6 million).

BayernLabo municipal loan portfolio



Not including the municipal housing subsidy programme (KommWFP).

Traditional municipal loans

BayernLabo offers local authorities, special purpose associations and their legally dependent enterprises a variety of investment financing structures. Within the core budget or the budget for municipal enterprises, individual solutions can be selected as required, such as 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)

In a highly competitive market, the volume of new business in traditional municipal loans decreased to EUR 567.3 million (previous year: EUR 633.9 million).

Municipal development loans in conjunction with the development bank KfW

With regard to municipal development loans, BayernLabo obtains funding for specific purposes, usually from KfW and at a cost that 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 and inclusion loans (Investkredit, Energiekredit and Inklusionskredit Kommunal Bayern).

Commitments in subsidised municipal lending

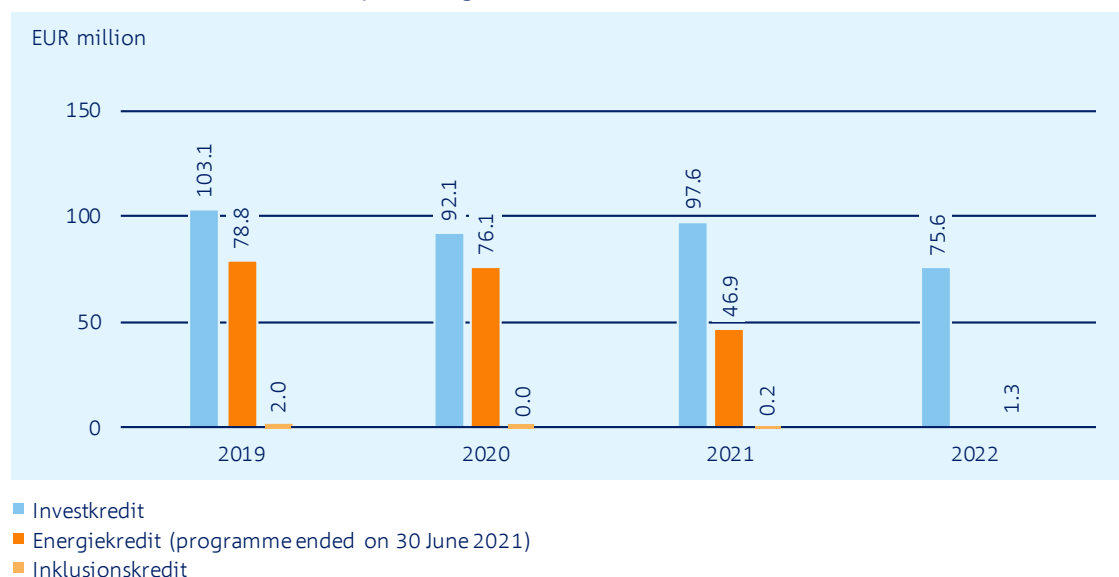


Photo on next page:
 Deiniger Weg residential complex, Neumarkt i. d. Opf.
 Municipal housing subsidy programme
 Builder-owner: City of Neumarkt i. d. Opf.
 Planner: Diezinger Architekten GmbH, Eichstätt
 Photo: © Matthias Durynek, Berlin



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.

The KfW interest rate in the underlying IKK Investment Loan for Municipalities Programme is made more affordable by BayernLabo.

The commitment volume in the Investkredit Kommunal Bayern (Bavarian municipal investment loan) amounted to EUR 75.6 million (previous year: EUR 97.6 million). In view of the rising interest rate environment, the maximum fixed-interest period of ten years was not in demand to the extent of the previous year.

Energiekredit Kommunal Bayern (Bavarian municipal energy loan)

From 2011 until 30 June 2021, BayernLabo used this subsidy programme to help finance investments in the energy-related modernisation of existing, and the energy-efficient construction of new, municipal and social buildings.

The KfW interest rate in the underlying IKK Investment Loan for Municipalities Programme was made more affordable by BayernLabo.

For reasons of EU state aid law, KfW as from 1 July 2021 is no longer able to cooperate with BayernLabo in the same way.

In order to be able to continue offering Bavarian municipalities subsidised conditions in this area, BayernLabo is planning a successor product that takes sustainability criteria into account.

Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)

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

The Bavarian municipal inclusion loan was drawn down in 2022 with a volume of EUR 1.3 million. With the underlying KfW programme 233 having expired at the turn of the year 2022/2023, the Bavarian municipal investment loan can be used in order to continue fully subsidising the purposes of the financing.

The municipal housing subsidy programme – KommWFP

The KommWFP, which is serviced as part of Bavaria's municipal lending business, is an important factor in rental housing subsidies. For details, see section 04, Subsidised rental housing in apartment buildings.



Financing advisory services

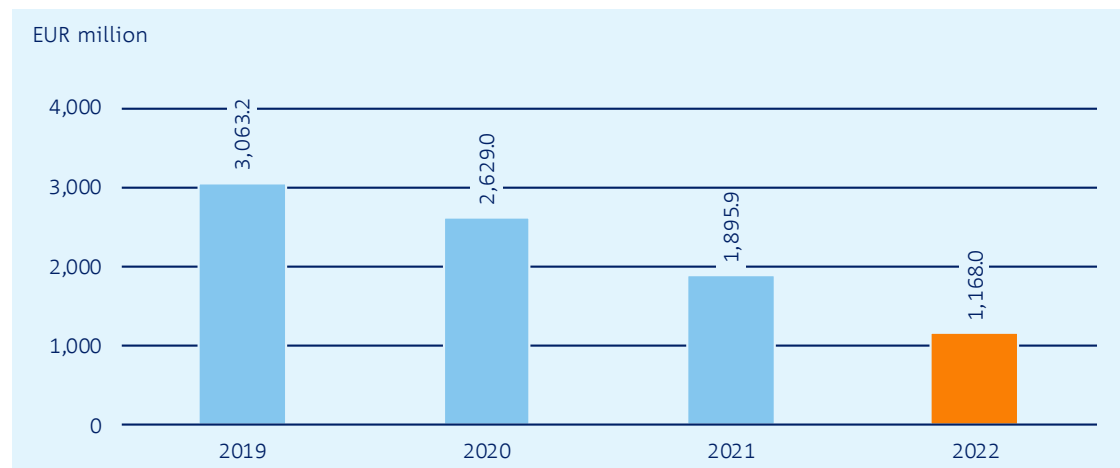
As part of financing advisory services, credit portfolios are analysed and structured with regard to how they could be optimised using BayernLabo products:

- Interest rate hedging against future adjustment 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

State government lending

BayernLabo acts as the principal banker to the Free State of Bavaria alongside BayernLB. The state lending portfolio amounted to EUR 1,168.0 million. Of this amount, EUR 1,090 million was attributable to Schuldschein note loans with the Free State of Bavaria.

Changes in the government loan portfolio



10 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.

As part of government housing policy and in accordance with EU state aid regulations, 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 housing 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 KfW and the capital market and discounts with its own funds.

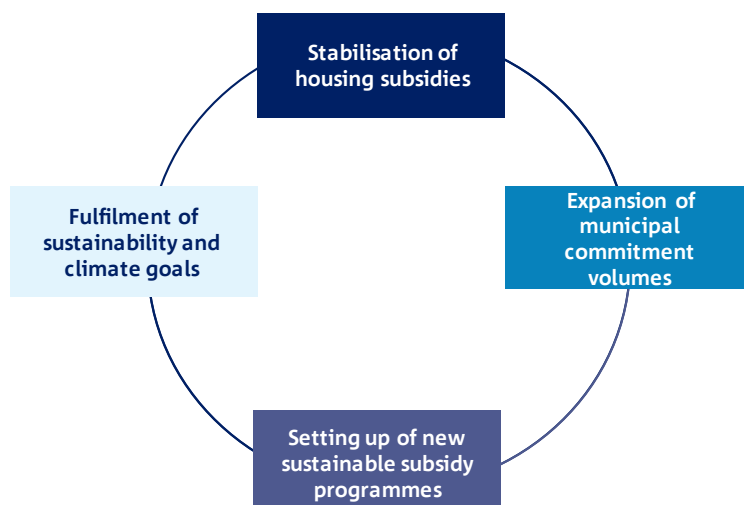
As the municipal bank of the Free State of Bavaria, BayernLabo helps Bavarian local authorities and public-sector special purpose and school associations to finance investment in general municipal and social infrastructure. To this end it offers traditional municipal loans and subsidised municipal loans,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

Strategic objectives





Residential complex, Unterwössen
 Income-based subsidies
 Builder-owner: Lebenshilfe Traunstein gGmbH, MARO eG
 Planner: Püschel Architektengesellschaft mbH , Munich
 Photo: © Sabine Lenk, Unterwössen

Stabilisation of subsidised housing in Bavaria

In addition to the Bavarian residential construction programme, subsidised housing is carried out especially through the ongoing provision of the "Bavarian low interest rate loan programme" and the "Bavarian modernisation programme," which are internally financed from BayernLabo's own funds at reduced interest rates. In addition, subsidised loans from the municipal housing subsidy programme are provided. BayernLabo also aims to leverage the advantage it derives from the state liability guarantee for its refinancing in the interests of its statutory mandate. In doing so, it relies on the support of the Free State of Bavaria as the client of its funding programmes.

Expansion of municipal commitment volumes

BayernLabo also aims to continuously expand the volume of commitments in its traditional municipal lending business and to continue existing municipal development programmes, as well as to launch new ones, if required. In particular, this also occurs under the aspect of sustainability.

Setting up of new sustainable subsidy programmes

In addition to the state housing subsidy, new subsidy programmes will also be launched in 2023 that meet the sustainability criteria and the requirements of the Bayerische Landesbank Act (BayLaBG) as well as the "Verständigung II". This is to occur insofar as the Free State of Bavaria transfers new funding tasks to BayernLabo within the scope of the statutory catalogue of tasks. The ESG sustainability criteria comprise three aspects: environmental, social and governance. In accordance with its mandate, BayernLabo takes particular account of social aspects. The integration of environmental aspects is based on current market standards, taking into account Bavarian circumstances as well as existing federal programmes.

Fulfilment of sustainability and climate goals

BayernLabo regards its emphasis on sustainability criteria as an essential contribution to the fulfilment of the sustainability and climate goals of the Free State of Bavaria within the context of its public mandate. In coordination with the Bavarian State Ministry of Finance and for Home Affairs and the Bavarian State Ministry of Housing, Construction and Transport, it will give even greater consideration to sustainability criteria in existing and, in particular, new subsidy programmes in order to help achieve the climate targets of the Paris Agreement and of the Free State of Bavaria.

Sustainability strategy

BayernLabo is closely integrated into the BayernLB Group when it comes to sustainability. All standards, guidelines and policies apply to it as well. Our shared understanding of sustainability rests on:

- the 17 global Sustainable Development Goals (SDGs) adopted by the United Nations,
- the climate goals of the Paris Agreement,
- the German government's Sustainable Development Strategy and
- the Bavarian sustainability strategy.

The standards and policies prescribe in detail which business activities are prohibited from the outset while setting parameters for those that are permissible. They are regularly updated by BayernLB's Corporate Sustainability & Responsibility Department in consultation with the units concerned, with new rules added as necessary. While additional ESG standards and policies may be adopted by BayernLabo, these must not conflict with the Group-wide standards.

BayernLabo accompanies Bavaria's sustainable development, thereby fulfilling its social and corporate responsibility. Today, BayernLabo bundles bank-specific tasks of state housing and urban development subsidies within Bayerische Landesbank as well as in municipal lending with Bavarian municipalities. In fulfilling this public mandate, the Free State of Bavaria can rely on the services and offerings of BayernLabo as an organ of state housing policy and as a municipal bank. This housing policy is guided by two equally important goals: maintaining economically powerful and liveable urban centres on the one hand and strengthening rural areas on the other. These two components are crucial for housing subsidisation and important pillars of BayernLabo's business activities.

BayernLabo relies on the support of the stakeholders of the Bavarian housing sector, namely the StMFH and the StMB, for the further development of sustainable funding programmes in housing subsidisation, with the aim of continuing to provide attractive funding programmes. In creating affordable housing and maintaining and expanding sustainable, affordable municipal and social infrastructures in the future, the ecological aspects⁵ borne of the need for market transparency and the given regulatory requirements will be considered more closely.

In coordination with the StMB, uniform data fields were defined and corresponding subsidy guidelines were developed. To ensure that the portfolio structure of projects financed with BayernLabo can be reported more transparently in the future, BayernLabo's credit system was expanded in 2022 to record energy-related data. In addition to contributing to achieving the climate targets set out in the Paris Agreement, BayernLabo also aims to deliver refinancing benefits for emissions on the capital market that can be passed on to end customers.

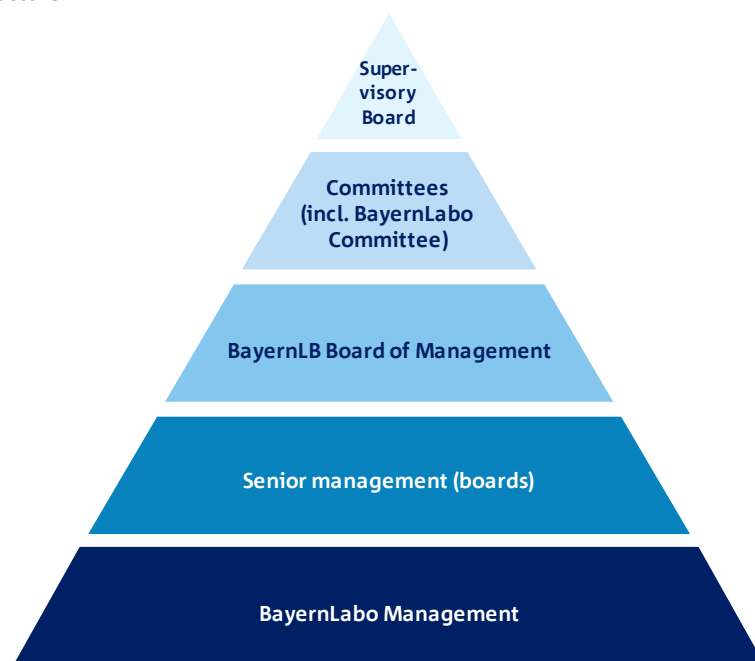
⁵ As set out under the UN Sustainable Development Goals, the EU's Green Deal programme or the sustainability goals of the Free State of Bavaria.

Management and control

Structure of risk management

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

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. The overarching responsibility of the Bank's Board of Management pursuant to the German Banking Act (KWG) shall remain unaffected.

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 manages its risks from the perspective of risk minimisation.

Internal control and risk management system

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.

Risk-bearing capacity

Ceilings for risk capital requirement limits are derived from BayernLB's Group Risk Strategy, 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.

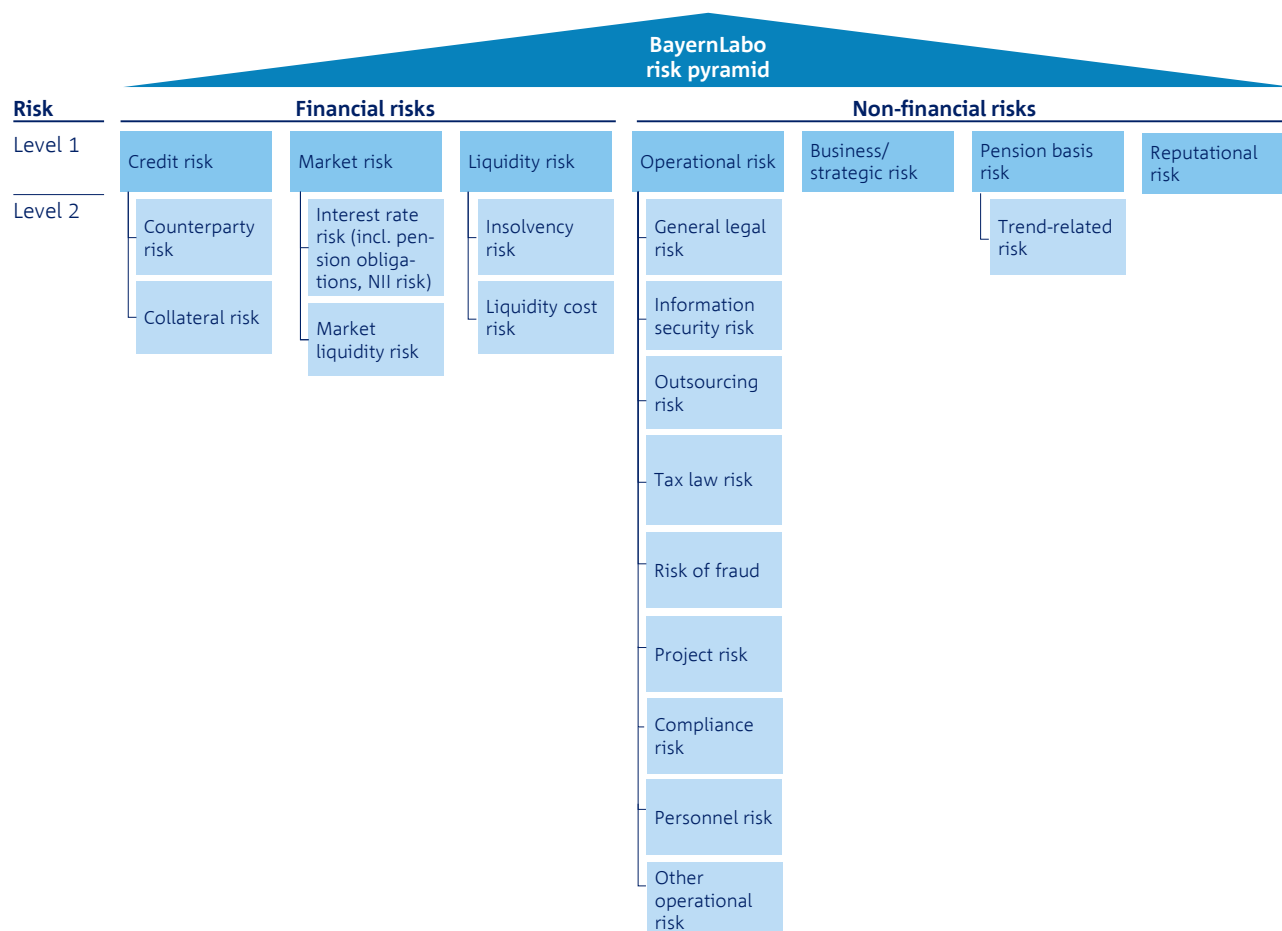
Photo on next page:
Student dormitories, Ingolstadt
Subsidies for student accommodation
Builder-owner: Katholische Canisiusstiftung Ingolstadt
Planner: DÖMGES Architekten AG, Regensburg, Germany
Photo: Schambeck-Schmitt Photography GbR, © Julia Schambeck, Munich



Risks of BayernLabo

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

Risk fields



Following the pandemic, new uncertainties for the economy and capital markets arose at the end of February 2022 with the escalation of the Ukraine conflict due to the invasion of the country by Russian troops. BayernLabo is constantly evaluating developments as part of its management and monitoring activities and considers itself to be well equipped due to the state liability guarantee as well as its solid capital and liquidity position.

Credit risk

Credit risk at BayernLabo consists largely of counterparty risk. Counterparty risk is the risk of a loss in value of receivables 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 the fiduciary business, state and municipally-guaranteed loans, Schuldschein note loans to the Free State of Bavaria, municipal loans and

loans under its own liability. Its 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 EUR 313.8 million in total in loans under its own liability (including open commitments of EUR 17.8 million), which is tantamount to 2.2 percent of its 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 direct write-down was required in the 2022 financial year. No provision for losses on individual loan accounts was formed under BayernLabo's own liability.

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 price risk includes, in particular, interest rate risks arising from transactions in which BayernLabo grants loans for which it has to raise funds on the money or capital market at its own risk (including refinancing from global loans with KfW or Landwirtschaftliche Rentenbank). In addition, BayernLabo's securities portfolio is exposed to market price risks arising from securities issued by the federal government, the federal states, development banks, the European Stability Mechanism (ESM) and the European Investment Bank (EIB).

The interest rate risks from the pension obligations and the market price risks from the plan assets of the CTA are also included in the disclosure of market price risks, taking into account correlation/diversification effects. This reduces the economic risk capital requirement for BayernLabo significantly when considered as a whole.

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.

Pension basis risk

The pension basis risk (relating to pensions, allowances and death benefits) is calculated and limited separately by BayernLB. The limit includes only the effects of unexpected trend factor changes (such as rate trends and medical care costs). Changes in the valuation interest rate for pension obligations are managed via the value-at-risk interest rate or the specific interest rate.

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 a Group-wide set of instructions for monitoring reputational risk. To this end a decentralised reputational risk manager (DRRM) has been appointed.

Summarised risk assessment

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

According to BayernLabo's knowledge, no discernible risks exist at present that could have a sustained adverse effect on BayernLabo's business model and its state subsidy mandate.

Photo on next page:
Student dormitories, Munich
Subsidies for student accommodation
Builder-owner: Studentenwerk München
Planner: bogevischs buero, architekten & stadtplaner gmbh, Munich
Photo: © Michael Heinrich, Munich



Course of business

Following the end of the pandemic and given the slight macroeconomic recovery, which were contrasted by an uncertain geopolitical situation combined with increased inflation and interest rates plaguing in particular the construction sector, BayernLabo was additionally confronted with uncertainty in connection with the realignment of the Federal Subsidy for Energy-efficient Buildings (BEG subsidy). BayernLabo's business in 2022 was thereby marked by an overall reduction in subsidy commitments.

Macroeconomic and sector-specific environment

The coronavirus pandemic and the Russian war of aggression against Ukraine had a noticeable impact on the global economy in 2022. The sustained recovery expected at the beginning of the year turned out to be much less dynamic. While the direct as well as indirect effects of the pandemic – high hospitalisation rates, strict lockdowns of economic and social life, and supply shortages – increasingly receded into the background among advanced countries as the year progressed, China, a major global supplier of intermediate goods and other manufactured products, maintained its strict zero-Covid policy for an extended period and created additional uncertainty in December by abruptly ending many of its measures. The Russian attack on Ukraine and the reciprocal sanctions between the West and Russia have also worsened the supply situation, especially for energy raw materials (coal, oil and natural gas) as well as food. Europe, and Germany in particular, were affected to an above-average extent due to their great dependence on Russian

energy raw materials, although an imminent gas shortage has been averted to date. The further strong acceleration of inflation in 2022 against this backdrop also prompted a sharp response from central banks internationally. Leading central banks such as the Fed and the ECB have raised interest rates significantly more than expected. Many emerging markets saw even larger jumps in interest rates. Given this, sentiment in the industry deteriorated significantly in the first half of the year. In contrast, the service sector and tourism supported the economy after the lockdowns were lifted.

In Germany, the recovery continued in 2022 with year-on-year growth of 1.9 percent.⁶ However, the rate of growth was very low in view of the lockdown at the beginning of the year, which slowed private consumption, and a disappointing export performance (supply chain problems). Then, in the spring, the shock to confidence, supply chains and prices emanating from the war in Ukraine also severely slowed the dynamic rise in economic output that was expected to occur after the lockdown was lifted. For Germany, EU sanctions against Moscow signalled the end of its strategic (energy) partnership with Russia. As a consequence, energy prices rose sharply, especially for gas and electricity, which the government sought to mitigate with massive support programmes ("energy price brakes" and special funds of over EUR 200 billion⁷) for consumers and companies. However, a supply emergency and uncontrolled plant closures were averted. In the wake of the war in Ukraine, the German government also initiated a turnaround in military policy and granted the federal army special funds of EUR 100 billion for modernisation. German industry, which benefited only to a limited extent from these measures in the short term, found itself unable until the autumn to work off the record order backlog, which was also driven by the EU's "Next Generation EU" investment programme.⁸ Accordingly, the services sector recorded a substantially more dynamic pace of expansion than industry, where into October output remained below the level at the beginning of the year. The construction industry suffered most from a downturn in sentiment, which was also driven by the tangible rise in interest rates. In addition, consumer confidence deteriorated sharply and at the end of the year was still close to the record low it had touched in September.⁹ Private consumption posted strong growth in 2022 given a robust labour market and high demand for labour, but continues to lie well below its 2019 level in price-adjusted terms. The trade balance was markedly negative in view of the strong growth in imports coupled with weak exports.

The German labour market again performed very well in the second year of the pandemic. The unemployment rate decreased from 5.9 percent to 5.7 percent.¹⁰ This was helped by the continued significant recourse made to short-time working as a labour market policy instrument, which

⁶ See the German Federal Statistical Office press release no. 547 dated 19 December 2022, https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/12/PD22_547_421.html

⁷ See Federal Ministry for Economic Affairs and Climate Action, press release dated 15 December 2022, <https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2022/12/20221215-bundestag-adopts-energy-price-caps-important-relief-for-consumers.html>

⁸ See the German Federal Statistical Office press release no. 547 dated 19 December 2022, https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/12/PD22_547_421.html

⁹ See Gesellschaft für Konsumforschung press release dated 21 December 2022, <https://www.gfk.com/de/presse/konsumklima-steigt-zum-dritten-mal-in-folge>

¹⁰ See German Federal Employment Agency 2022, https://www.arbeitsagentur.de/datei/arbeitsmarktbericht-dezember-2021_ba147290

was subject to simplified access regulations throughout the year. Towards the end of the year, the number of short-time workers even reduced significantly.

Prices in Germany leaped due to the recovery in demand, supply bottlenecks and the rising cost of raw materials and energy. Producers passed on higher costs for input and intermediate goods to consumers in view of remaining surplus savings from the lockdown phases. Over the course of 2022, average consumer prices (CPI) were 7.9 percent higher than the previous year, while energy prices were up by as much as 34.7 percent.¹¹ The federal government's relief packages only temporarily dampened fuel and rail ticket prices during the summer. The rise in inflation at European level overshadowed Germany's own increase. Inflation (HICP) averaged 8.6 percent in June, climbing as high as 20 percent in some Baltic states.¹² Faced with these figures, the ECB became far more hawkish in its rhetoric in the first half of 2022 and agreed a wide-ranging package of measures: net purchases in both the pandemic emergency purchase programme (PEPP) and the asset purchase programme (APP) were discontinued, and the first interest rate hike of 50 basis points for the full interest rate band was approved in July. To combat the fragmentation of the eurozone, the ECB also approved a new programme called the Transmission Protection Instrument (TPI). This comes in addition to the reinvestments in the PEPP programme. By the end of 2022, three further interest rate hikes, totalling 200 basis points, had been implemented, so that the deposit rate relevant for the interbank market now stands at 2.0 percent.

The ECB also dedicated itself to reducing surplus liquidity when in October the conditions for the outstanding longer-term refinancing operations, "targeted longer-term refinancing operations" (TLTROs), were worsened, and in December a decision was taken to start the APP reduction for the first quarter of 2023. In the US, where the inflation rate (CPI) rose earlier and faster than in the eurozone, but had already started to decrease again recently, averaging 8.0 percent in 2022¹³, the Fed has ushered in an even more drastic interest rate cycle, raising key rates by a total of 425 basis points¹⁴ over the course of the year. In addition, a reduction in bond holdings was approved and tightened further in September.

¹¹ See Federal Statistical Office 2023, press release no. 003 dated 3 January 2023, https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_003_611.html

¹² See Eurostat, press release 81/2022, <https://ec.europa.eu/eurostat/documents/2995521/14644638/2-19072022-AP-DE.pdf/03162bf7-ad2a-9e07-ba7c-a46ce8461181>

¹³ See St. Louis Fed 2023, <https://fred.stlouisfed.org/series/CPIAUCSL>

¹⁴ See Federal Reserve 2023, <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>



Student dormitory, Chiemgaustraße, Munich
Subsidies for student accommodation
Builder-owner: Studentenwerk München
Planner: GEIER-MAASS ARCHITEKTEN GmbH, Berlin
Photo: © Silvie Tillard, Munich

Despite high price increases, enormous supply problems in construction, industry and trade, and a start to the year burdened by the coronavirus pandemic, economic output in Bavaria grew by a slightly above-average rate of 2.9 percent year on year in real terms in the first half of 2022 (Germany: 2.8 percent).¹⁵ Meanwhile, pre-coronavirus economic performance was likely just surpassed. Major events such as the Oktoberfest in Munich could once again be held without any major restrictions. In recovering from the pandemic, Bavaria benefited from its high export share of previously economically robust foreign markets such as China, the US and Eastern Europe, although trade with China, in particular, was temporarily under considerable strain due to supply chain problems and the zero-Covid strategy imposed there. Supply chain issues faded into the background over the course of 2022. Instead, the focus shifted to high (energy price) inflation and the interest rate hikes initiated by the ECB. Consumer sentiment was badly dented by the huge price increases.

¹⁵ See German federal and state statistics offices 2022, <https://www.statistikportal.de/de/vgrdl/ergebnisse-laender-ebene/bruttoinlandsprodukt-bruttowertschoepfung/bip#11489>

However, the labour market proved robust and the Free State defended its top position within Germany with an unemployment rate of 3.1 percent.¹⁶

The turnaround in interest rates also ends the years-long real estate boom in Bavaria. For example, a clear reduction in demand for residential real estate throughout Bavaria has already emerged. The Bavarian construction industry, too, can no longer escape the negative economic environment in conjunction with the drop in demand, particularly in residential construction.

Already in 2021 as a whole, just under 61,000 new homes were completed in Bavaria, around 5 percent fewer than in 2020.¹⁷ In 2022, due to higher cancellation rates of residential construction orders, a further plunge in new construction is expected. As a consequence, the even tighter supply of housing is counteracting the interest-rate-induced reduction in demand, and stabilising the price level in Bavaria. The bottom line is that prices on the residential real estate market in Bavaria and in Munich are expected to fall slightly, while rents will continue to rise due to the shortage of housing.

In addition, the surprising end or reduction of the Federal Subsidy for Energy-efficient Buildings (BEG subsidy) in 2022 prevented investments, and led to planning uncertainty for all market participants. A realignment of the BEG subsidy is now planned for 2023.

Furthermore, the Bavarian state government launched the so-called "Bavaria Housebuilding Booster" in January 2023. The Bavarian housing subsidy programmes are to be increased, building land mobilised and vacant buildings in town centres refurbished.

Back in September 2015, the state, municipalities as well as churches and the housing industry jointly decided to create 28,000 new state-financed or subsidised rental apartments. This 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. In 2019, the programme was initially extended for a further four years to 31 December 2023. The Bavarian state government has laid the foundation for successively extending the programme until 2030. The third pillar (Pillar III) accelerates the development of state housing subsidies. These are used to subsidise new rental homes for those entitled to social housing and places in student residences. 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.

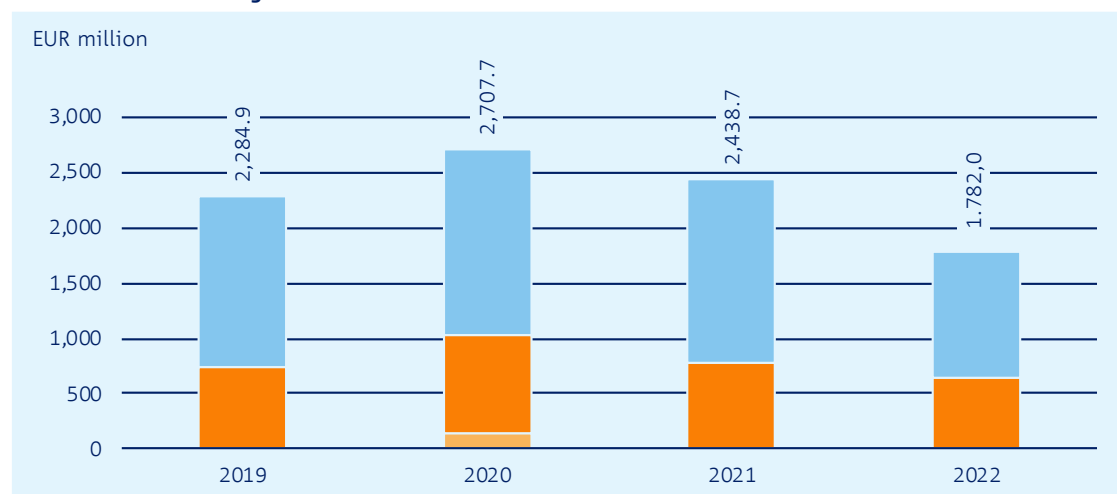
¹⁶ See Federal Employment Agency, monthly report December 2022

¹⁷ See Bayerisches Landesamt für Statistik 2023, Bauhauptgewerbe in Bayern

New commitments

In 2022, BayernLabo approved loans and grants totalling EUR 1,782.0 million.

New commitments and grants



Commitments and grants in 2022/2021:

- Housing subsidies: EUR 1,137.8 million (previous year: EUR 1,660.1 million)
- Municipal loans: EUR 644.2 million (previous year: EUR 778.6 million)
- Government loans: EUR 0.0 million (previous year: EUR 0.0 million)

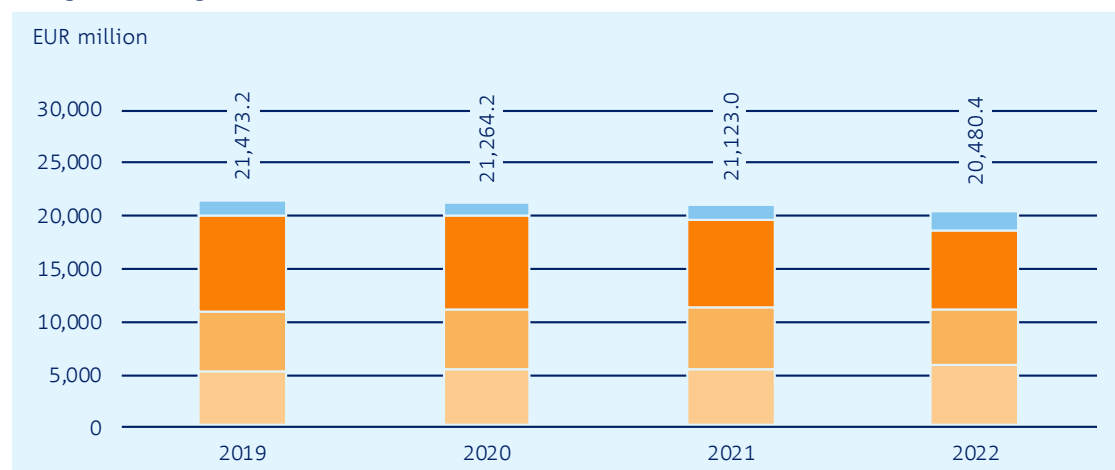
Potential deviations in the total are due to rounding.

BayernLabo's total approval amount decreased significantly by EUR 656.7 million (26.9 percent) compared with the previous year, as expected. Loan commitments for subsidised housing decreased by EUR 322.1 million (27.5 percent) to EUR 849.6 million and the corresponding grants reduced by EUR 200.3 million (41.0 percent). New commitments in the municipal lending business decreased by EUR 134.4 million (17.3 percent) to EUR 644.2 million. Moreover, it remained the case in 2022 that no government loan was concluded with the Free State of Bavaria.

Existing business

BayernLabo's lending business decreased moderately by EUR 20,480.4 million to EUR 21,123.0 million in the 2022 financial year.¹⁸

Changes in existing business



Existing business in 2022/2021:

- Due to banks: EUR 1,917.3 million (previous year: EUR 1,507.7 million)
- Government and municipal loans: EUR 7,470.7 million (previous year: EUR 8,265.6 million)
- Guarantee business: EUR 5,204.1 million (previous year: EUR 5,746.3 million)
- Fiduciary business: EUR 5,591.9 million (previous year: EUR 5,306.0 million)
- Own liabilities: EUR 296.4 million (previous year: EUR 297.4 million)

In the state and municipal loan business, the portfolio was down by 9.9 percent to EUR 7,470.7 million. As in previous years, the reduction is due particularly to the government lending business with the Free State of Bavaria (EUR 1,099.5 million), where the high scheduled repayments of Schuldschein note loans (EUR 789.0 million) were not offset by any new transactions. In the municipal loan business, on the other hand, the portfolio of EUR 6,291.2 million is only marginally lower than in the previous year.

In guaranteed proprietary business, the total portfolio increased by 2.5 percent to EUR 5,204.1 million.¹⁹ The growth continued to be based to a large extent on developments in the Municipal Subsidised Housing Programme, where significant growth in the portfolio (by EUR 131.6 million to EUR 449.3 million) was achieved with a sustained increase in new disbursements. By contrast, the credit volume guaranteed by the Free State of Thuringia (EUR 132.1 million) continues to decrease, as only the portfolio has been managed since 2002.

¹⁸ Until 2021, recognition of residual capital, and from 2022 recognition on the balance sheet (including pro rata interest, open items and valuation allowances)

¹⁹ Adjusted prior-year figure 2021 (amount recognised on the balance sheet): EUR 5,075.5 million

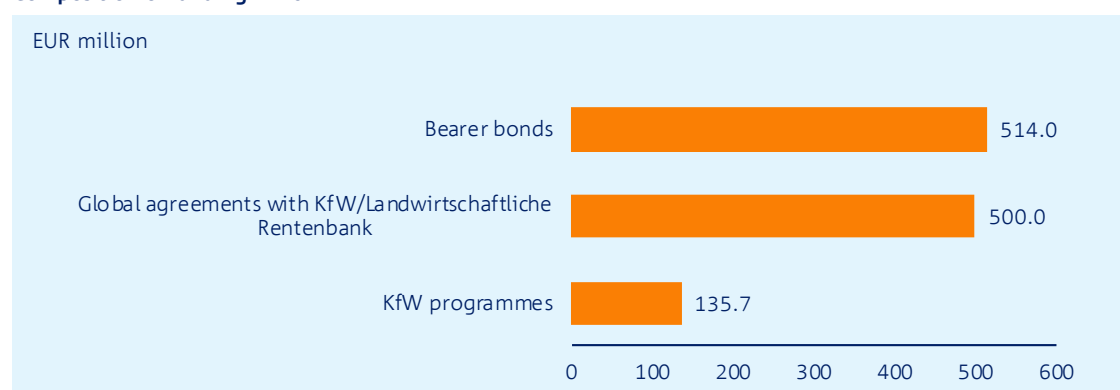
In trust transactions, an increase in the loan portfolio of EUR 284.4 million, or 5.4 percent, to EUR 5,591.9 million was recorded. The reason for the growth in the portfolio was the very high level of disbursements in the Bavarian trust business (EUR 429.5 million; previous year: EUR 409.2 million), while repayments remained at a very low level.

In the case of receivables under BayernLabo's own liability, payments and repayments largely offset each other. As a consequence, at EUR 296.4 million, the portfolio is almost unchanged compared to the previous year (EUR 297.4 million).

Funding

BayernLabo refinances itself on the capital market, from KfW subsidy programmes, from general funding from KfW or Landwirtschaftliche Rentenbank or, in the short term, by borrowing fixed deposits at BayernLB. The total amount of refinancing increased by EUR 78.6 million (7.3 percent) to EUR 1,149.7 million in the financial year under review (previous year: EUR 1,071.1 million).

Composition of funding in 2022



BayernLabo issued EUR 514.0 million of bearer bonds on the capital market (previous year: EUR 500.0 million).

BayernLabo concludes global contracts with KfW and/or Landwirtschaftliche Rentenbank as required, which can be used for the funding of the municipal loan business, among other purposes. EUR 500.0 million in refinancing (previous year: EUR 150.0 million) was provided for this purpose. To the extent that BayernLabo derives a benefit from KfW or Landwirtschaftliche Rentenbank refinancing, it passes this on to its end-borrowers as part of its subsidy mandate.

The funding volume from KfW subsidy programmes, which had increased significantly in the previous year due to the expiry of the "Energy-efficient Construction and Renovation" federal subsidy programme, decreased to EUR 135.7 million in 2022 (previous year: EUR 421.1 million). As well as proprietary KfW funds, this also includes subsidies from the German federal government. BayernLB 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.

New elementary school (Grundschule am Wald), triple gymnasium, Taufkirchen
Investkredit Kommunal Bayern (Bavarian municipal investment loan)
Builder-owner: Community of Taufkirchen
Planner: agn Niederberghaus & Partner GmbH, Ibbenbüren
Photo: Community of Taufkirchen



Results of operations and financial position (HGB)

Results of operations

BayernLabo's results of operations were adversely affected this year by the volatile interest rate situation. As a consequence, a breakeven result overall at the net level was reported for the year (previous year: EUR 37.7 million).

Results of operations

EUR million	2022	2021	Change	
			Absolute	In %
Net interest income	53.6	59.3	(5.7)	(9.6)
Net commission income	23.5	23.6	(0.1)	(0.4)
Gross profit	77.1	82.9	(5.8)	(7.0)
Staff costs	(42.4)	(40.5)	(1.9)	4.7
Operating expenses	(26.8)	(24.4)	(2.4)	9.8
Net of other operating expenses and income	(32.7)	4.6	(37.3)	>100
Gains or losses before risk provisions	(24.8)	22.6	(47.4)	(209.7)
Risk provisions/gains or losses on measurement/gains or losses from extraordinary items	24.8	15.1	9.7	64.2
Net profit	0.0	37.7	(37.7)	>100

Gross profit

At EUR 77.1 million, gross profit was 7.0 percent below the EUR 82.9 million reported for the previous year.

Net interest income, as the net balance of interest income and interest expenses, decreased by 9.6 percent, or EUR 5.7 million. Due to the volatile interest rate markets, income from asset/liability management was lower than planned, which contrasted with the expected slight improvement in operating interest income.

Net commission income was largely in line with expectations and remained virtually unchanged year on year, at EUR 23.5 million. Sources of commission income include income from administrative cost contributions in the fiduciary business. Commission expenses arise from guarantee fees payable by BayernLabo to the Free State of Bavaria.

Expenses

Administrative expenses were up slightly by 6.6 percent, or EUR 4.3 million, to EUR 69.2 million (previous year: EUR 64.9 million). At EUR 42.4 million, staff costs increased by EUR 1.9 million and were thereby 4.7 percent higher than in the previous year. This was mainly the result of a higher level of additions to pension and benefit obligations.

Moreover, operating expenses of EUR 26.8 million, which were affected particularly by running IT costs, were up by EUR 2.4 million year on year (9.8 percent).

The negative net balance of other operating income and expenses amounted to EUR 32.7 million.

The negative result before risk provisioning was offset by risk provisions, measurement gains and gains from extraordinary items.

Financial position

BayernLabo's total assets remained virtually unchanged in the reporting year at EUR 21,050.6 million (previous year: EUR 21,091.7 million).

Assets (selected items)

EUR million	2022	2021	Change	
			Absolute	In %
Loans and advances to banks	1,917.3	1,507.7	409.6	27.2
Loans and advances to customers	12,971.2	13,659.6	(688.4)	(5.0)
Bonds, notes and other fixed-income securities	305.7	314.0	(8.3)	(2.6)
Assets held in trust	5,591.9	5,307.5	284.4	5.4

As part of asset/liability management, loans and advances to banks increased by EUR 409.6 million to EUR 1,917.3 million as at 31 December 2022.

The portfolio of loans due from customers decreased by a total of EUR 688.4 million to EUR 12,971.2 million. This derived primarily from scheduled repayments in the public sector lending business of EUR 789.0 million.

Assets held in trust reported an increase of EUR 284.4 million to EUR 5,591.9 million, which in turn is attributable to growth in the portfolio of fiduciary business in Bavaria.

Liabilities (selected items)

EUR million	2022	2021	Change	
			Absolute	In %
Liabilities to banks	5,033.1	5,102.0	(68.9)	(1.4)
Liabilities to customers	3,361.4	3,550.0	(188.6)	(5.3)
Securitised liabilities	4,659.7	4,823.8	(164.1)	(3.4)
Liabilities held in trust	5,591.9	5,307.5	284.4	5.4
Provisions	49.8	41.8	8.0	19.1
Own funds	2,312.6	2,254.8	57.8	2.6

On the liabilities side of the balance sheet, liabilities to banks (KfW, Landwirtschaftliche Rentenbank and BayernLB) decreased by EUR 68.9 million to EUR 5,033.1 million, and liabilities to customers by EUR 188.6 million to EUR 3,361.4 million. Securitised liabilities also decreased by EUR 164.1 million to EUR 4,659.7 million as a consequence of scheduled repayments.

Provisions for pensions and similar obligations increased by 60.6 percent or EUR 8.1 million to EUR 21.4 million. This is mainly related to the measurement of cover assets for benefit obligations under the CTA.

Summary assessment

BayernLabo achieved breakeven in the 2022 financial year. The financial position was sound and the liquidity base was comfortable throughout the reporting period.

Human resources

Well qualified and motivated staff are an important factor for BayernLabo. Here, the development and performance dialogue between managers and employees represents a crucial instrument to ensure a common direction. This regulates the consistent transformation of the objectives derived from the business strategy and risk culture down to employee level.

In addition, continuous training programmes ensure that employees can successfully meet existing and future challenges. In particular, this constructively supports digital cultural change.

To prevent typical physical and mental health problems, sports activities, seminars and regular health days are offered to employees.

In the wake of the coronavirus pandemic, the digital workplace combined with flexible working hours has become established at BayernLabo, thereby enabling employees to individually combine family and career. At the same time, there is no substitute for direct interpersonal exchange, so the task post-Covid is to find the right balance between working from home and in person.

As at 31 December 2022, a total of 233 employees, tantamount to 204.4 full-time equivalents (FTEs), were employed at BayernLabo (as at 31 December of the previous year: 265 employees or 236.0 FTEs).

Number of employees

	31 Dec 2022		31 Dec 2021		Change
	Number	In %	Number	In %	In %
BayernLabo total	233		265		(12.1)
Of which men	92	39.5	108	40.8	(14.8)
Of which women	141	60.5	157	59.2	(10.2)
Of which full-time	148	63.5	172	72.9	(14.0)
Of which part-time	85	36.5	93	35.1	(8.6)

The part-time ratio of 36.5 percent increased slightly compared with the previous year (35.1 percent). In the financial year under review, 85 employees took advantage of the part-time programme. This continued high rate reflects great flexibility on the part of both the employees and the company.

BayernLabo is also characterised by a high level of employee loyalty, with an average length of service of 21.4 years.



Deiniger Weg residential complex, Neumarkt i. d. Opf.
Municipal housing subsidy programme
Builder-owner: City of Neumarkt i. d. Opf.
Planner: Diezinger Architekten GmbH, Eichstätt
Photo: © Matthias Durynek, Berlin

11 Outlook

Outlook

Economic environment

The year 2023 will start with a recession in large parts of the world, but there will probably not be a decrease in global economic output overall.²⁰ The spike in inflation has eroded purchasing power, especially in industrialised nations. In addition, a more hawkish monetary policy has tightened financing conditions. Even if the future direction of inflation remains highly uncertain and targets are far from being met, many factors are in place that point to inflation falling in the US and Europe over the course of 2023. For this reason, central banks will probably hold back from tightening interest rates further after the spring. As a consequence, we expect an economic recovery to set in from the middle of the year. However, the persistently high levels of uncertainty will likely exert a dampening effect.

Whereas the loss of purchasing power and tighter financing conditions in Western industrialised countries will lead to falling demand, the easing of the zero-Covid policy in China is expected to trigger an economic upturn at the start of 2023. With the opening up in China, supply chain problems will continue to ease and it will be possible to clear the big backlog of orders in many sectors. With the expected global economic recovery over the course of 2023, we foresee raw materials prices picking up. This will prevent consumer price momentum from easing notably.

In Germany, the recession forecast for autumn/winter 2022/2023 will likely be deeper than in the eurozone as a whole. Given the energy price shock which has hit Germany hard owing to its strategic partnership with Russia over many years, we forecast real gross domestic product will contract by 1.9 percent. This means it will again rank last among the major eurozone countries. Only industry will have a stabilising effect; this is due to the huge order backlog, which can be cleared thanks to the easing of supply problems. Construction and consumer-related sectors will be significantly affected. Inflation will probably move over 8.6 percent in 2023, but this forecast is subject to a high degree of uncertainty. The reason for this is the energy price cap, which will mitigate the considerable increases in electricity and gas prices expected at the start of the year. All of this will leave a huge crisis in consumer confidence in its wake. Although government support programmes should be able to prevent additional damage to the economy over the course of 2023, a recovery is not expected until the end of 2023.

Following the big hikes in interest rates in the second half of 2022, the policy pursued by the Fed and ECB will no longer be supportive. Even if the central bankers know that their policies will only take effect after some considerable time lag (around half a year), they can only stop raising rates when inflation starts to retreat, despite the economy slipping into recession. The risk is too great that inflation expectations, which are already above target, will continue to climb and that excessive wage increases will keep the period of high inflation rumbling on. We forecast inflation will peak in spring 2023, including in the eurozone, and that the Fed and ECB will call time on the cycle of rate hikes and tighten monetary policy “only” via quantitative measures.

²⁰ See BayernLB Research, *Perspektiven 10/2022*

What applies to Germany as a whole applies to Bavaria: soaring prices are souring consumer sentiment at the same time as surging interest rates are stamping out the long-standing real estate boom and throttling the construction sector. Both developments will probably be big factors pushing Bavaria into recession in the autumn/winter 2022/2023 period. SMEs, the Mittelstand and the dynamic start-up scene are also labouring under high input and financing costs. Overall, however, the economy might be supported by industry, which is still benefiting from a big backlog in orders, especially in the cyclical capital goods sector. Nonetheless, this is heavily dependent on the political climate, as Germany has very strong trading links with the US and China. With the US expected to move into a mild recession, foreign trade may well soften. We do not expect the economy to mend until the second half of 2023.

Old nursery, Augsburgsberger Straße, Memmingen
Income-based subsidies
Builder-owner: Siebendächer Baugenossenschaft eG
Planner: Architekturbüro Helmut Schedel GmbH, Memmingen
Photo: © Eckhart Matthäus/www.em-foto.de, Wertingen



There is one ray of hope, from the robust employment market: it is unlikely that the rate of unemployment will rise much (based on full employment at 3.1 percent (2022)), and demand for labour will remain high.

Risks and opportunities in 2023

The biggest economic risks in 2023 come from the world of politics. The power struggle between the US and China is putting the international order and global trade in jeopardy. Regional conflicts and the struggle for access to commodities, notably energy, and intermediate products could prove exceptionally challenging for the strongly export-oriented German economy. Russia's war in Ukraine will remain a source of unrest in the immediate neighbourhood. The risk of gas shortages in Germany is ever-present in the face of an unfavourable supply situation and the weather. In addition, the high rate of inflation could result in the monetary policy decision-makers slamming too hard on the brakes and raising interest rates even higher. Further major setbacks in the financial markets or the real estate market could also trip the economy up. An aggressive or resistant strain of the coronavirus, lockdowns and supply problems are now less likely but cannot be ruled out for good yet.

Economic opportunities as per forecast lie in the currency union's expansive monetary and fiscal policy proving more effective than anticipated, the coronavirus pandemic being brought to an end more quickly, and political tensions between the US, China and Russia easing. In the electrical and mechanical engineering industries, a rapid reduction in order book positions could lead to a significant expansion of production as supply chain problems are increasingly resolved.

BayernLabo's future performance

Even though there is still an unchanged high level of willingness in Bavaria to invest in residential construction and municipal facilities, the overall conditions have deteriorated against the backdrop of the conflict in Ukraine and its economic impact, particularly in the construction sector. This will also lead to lower demand for loans from BayernLabo.

On the basis of BayernLabo's solid business model and clearly defined business strategy, risks are only assumed to a very limited extent and, conversely, opportunities arising from unexpected developments can be leveraged.

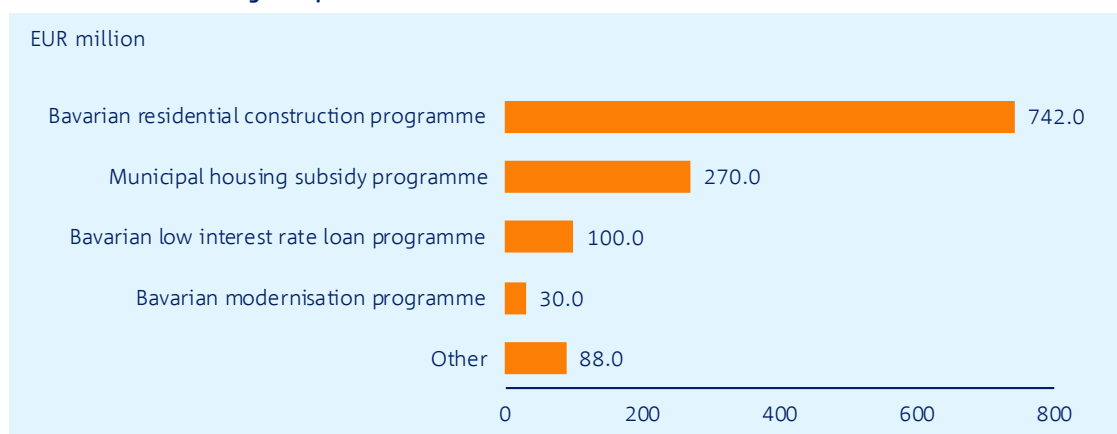
Provided that the "Housebuilding Booster" announced by the Bavarian state government and the BEG subsidy programme are implemented promptly, quickly and reliably in 2023, and an even stronger focus is placed on the owner-occupied housing sector, BayernLabo will be able to take this into account directly in its programme offering for customers accordingly.

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

As the challenges of creating affordable and sustainable housing remain, and the federal government is again planning to realign its subsidy programmes in 2023, this could lead to an increase in housing subsidies and thereby to a revival of private investment in (social) housing construction.

New commitments and grants planned for 2023



The Bavarian residential construction programme has a budget of EUR 742 million for 2023.

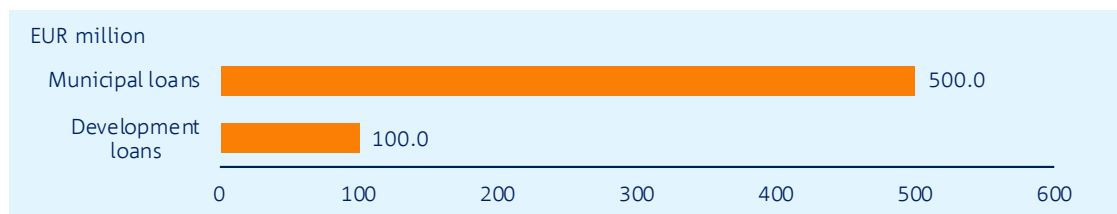
Around EUR 270 million will be made available for the municipal housing subsidy programme, which will be used as investment grants and interest subsidies in addition to loans.

BayernLabo will provide an internally funded contribution of up to EUR 10 million to subsidise the Bavarian low interest rate loan programme (EUR 100 million), the Bavarian modernisation programme (EUR 30 million) and the municipal subsidised loan business, to be charged to the 2023 annual result. 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.

This includes EUR 88 million of further commitments and grants.

Municipal lending business

New commitments planned for 2023



BayernLabo is planning a new business volume of EUR 500 million in traditional municipal lending. A lower level of demand for municipal loans is not expected for the time being, as the investment needs of municipalities continue to exist. If the economic environment were to deteriorate and tax revenues were to be reduced, this could have an impact on the willingness to invest further.

In addition to grants and development loans (especially from KfW), traditional municipal loans with long maturities of 20 to 30 years and fixed interest rates will remain the preferred source of financing for a large proportion of borrowers.

Lending volume of EUR 100 million is planned in state-subsidised business. Following the discontinuation of the Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan), this volume will in future be accounted for almost exclusively by the Investkredit Kommunal Bayern (Bavarian municipal investment loan).

The range of subsidy products in the area of energy-efficient refurbishment and sustainable new construction of municipal buildings is to be supplemented by a separate development loan, the "Municipal Energy Loan – New", which will take ESG aspects into account. Due to the continued uncertainty surrounding the framework for the underlying federal BEG funding, the product development already planned for 2022 could not yet be implemented.

In addition, it is currently being examined whether Bavarian municipalities can be offered a development loan programme for financing renewable energy sources in cooperation with Landwirtschaftliche Rentenbank.

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For all tables below, any deviations in the total are due to rounding.

1 State-subsidised business in 2022 at a glance

Tab. 1.1 State housing subsidies

Subsidies as per BayWoFG	Ownership measures	Rental homes	Total homes			Residential places		
			2022	2021	Change	2022	2021	Change
Amortising loans								
Owner-occupied homes								
New builds	302	–	302	310	(8)	–	–	–
Purchases	555	–	555	658	(103)	–	–	–
Rental housing								
Income-based subsidies	–	2,995	2,995	3,953	(958)	–	–	–
Expenditure-based subsidies	–	35	35	28	7	–	–	–
Disability plan							–	–
	857	3,030	3,887	4,949	(1,062)	–	–	–
Conditionally non-repayable loans								
Subsidies for student accommodation	–	–	–	–	–	591	1,316	(725)
Disability plan	–	–	–	–	–	163	91	72
Structural adaptations for sick and severely disabled people	2,033	156	2,189	2,814	(625)	–	–	–
	2,033	156	2,189	2,814	(625)	754	1,407	(653)
Subsidy only as a grant in the disability plan	–	–	–	–	–	194	217	(23)
Total	2,890	3,186	6,076	7,763	(1,687)	948	1,624	(676)

Tab. 1.2 Internally funded subsidies

Low-interest rate loans from own funds and funds of the KfW/German government	Ownership measures	Rental homes	Total homes			Residential places		
			2022	2021	Change	2022	2021	Change
Bavarian low interest rate loan programme								
Combined subsidy	[695]	–	[695]	[822]	[(127)]	–	–	–
Individual subsidy	109	–	109	201	(92)	–	–	–
	109	–	109	201	(92)	–	–	–
Loan programme to create energy-efficient rental housing		[250]	[250]	[965]	[(715)]	–	–	–
Bavarian modernisation programme								
Rental housing	–	169	169	757	(588)	–	–	–
In-patient care facilities	–	–	–	–	–	44	208	(164)
Condominium owners' associations	–	407	407	242	165	–	–	–
Leasehold flats	–	94	94	56	38	–	–	–
	–	670	670	1,055	(385)	44	208	(164)
Municipal housing subsidy programme								
Combined subsidy (loans and grants)	–	385	385	521	(136)	–	–	–
Subsidy only as a grant	–	123	123	106	17	–	–	–
	–	508	508	627	(119)	–	–	–
Total	109	1,178	1,287	1,883	(596)	44	208	(164)

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. 1.3 Further subsidies

Low-interest rate loans from own funds and funds of the KfW/German government	Owner-ship measures	Rental homes	Total homes			Residential places		
			2022	2021	Change	2022	2021	Change
Loans for promoting affordable housing	–	177	177	475	(298)	–	–	–
Total	–	177	177	475	(298)	–	–	–

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 the area of	As a property-related subsidy	As an occupancy-related subsidy
	EUR million	EUR million
Munich	16.9	22.4
Nuremberg	33.7	51.6
Augsburg	3.8	13.2
Upper Bavaria	51.6	68.3
Lower Bavaria	3.1	4.5
Upper Palatinate	11.8	18.0
Upper Franconia	22.9	16.2
Middle Franconia	38.0	36.4
Lower Franconia	2.7	5.9
Swabia	15.5	20.7
Jointly	200.1	257.1

Tab. 2.2 Rent per square metre of residential area per month

Rent in EUR	Percentage	
	2022	2021
Under 3.50	–	–
3.50 – 3.99	–	–
4.00 – 4.49	–	0.2
4.50 – 4.99	2.8	2.9
5.00 – 5.49	19.5	13.1
5.50 – 5.99	32.0	29.5
6.00 – 6.49	26.3	38.8
6.50 and more	19.5	15.5
Jointly	100.0	100.0

Tab. 2.3 Subsidies for construction of new rental homes by area of approval

Granted for the area of	Total costs				
	Subsidised homes	Loans	General subsidy	Sustainability grant	Energy efficiency grant
	RU	EUR	EUR	EUR	EUR
Munich	380	38,262,400	12,499,100	2,692,200	2,020,300
Nuremberg ¹	344	45,525,300	13,555,340	4,664,700	1,201,800
Augsburg	45	6,589,300	1,671,800	217,300	334,300
Upper Bavaria	696	114,721,200	17,733,000	2,896,100	1,881,600
Lower Bavaria	72	7,261,200	2,460,100	319,000	491,800
Upper Palatinate	209	23,769,200	6,555,200	2,285,700	1,257,100
Upper Franconia	298	38,747,300	7,138,900	934,200	645,100
Middle Franconia	480	73,250,300	13,402,600	2,981,800	1,490,800
Lower Franconia	36	4,999,100	1,438,000	553,900	287,500
Swabia	252	34,825,200	7,883,200	1,020,200	1,319,100
Jointly	2,812	387,950,500	84,337,240	18,565,100	10,929,400
Subsequent and residual approvals ²	183	69,209,310	14,536,055	6,579,400	3,323,100
Total	2,995	457,159,810	98,873,295	25,144,500	14,252,500
The home subsidies approved subsequently/residually are broken down as follows:					
Augsburg	71	10,069,500	3,097,800	1,637,300	818,600
Upper Bavaria	8	2,049,300	114,400	–	–
Upper Palatinate	62	5,937,460	3,897,055	2,473,100	1,236,500
Lower Franconia	42	3,493,500	1,925,400	1,059,500	563,300
Total	183	21,549,760	9,034,655	5,169,900	2,618,400

¹ Of which subsidies with "indirect occupancy"; Nuremberg: 21 indirectly tied homes (0 newly built homes without occupancy commitment).

² Following reduction through the supplementary subsidy.

Tab. 2.3 Continued: Subsidies for construction of new rental homes by area of approval

	Total costs				
	Average loan per home	per home	per m ² of residential area	Average home size	Average rent per m ²
	EUR	EUR	EUR	m ²	EUR
Munich	100,691	402,481	6,100	66	6.11
Nuremberg ¹	132,341	363,916	5,383	68	5.42
Augsburg	146,429	368,381	4,957	74	7.31
Upper Bavaria	164,829	609,960	6,894	88	6.18
Lower Bavaria	100,850	312,654	4,574	68	6.26
Upper Palatinate	113,728	397,941	6,207	64	6.46
Upper Franconia	130,024	273,450	4,191	65	5.53
Middle Franconia	152,605	388,962	5,392	72	5.73
Lower Franconia	138,864	366,163	4,583	80	5.77
Swabia	138,195	340,082	4,902	69	6.62
Jointly	137,962	397,994	5,788	69	6.11

¹ Of which subsidies with "indirect occupancy"; Nuremberg: 21 indirectly tied homes (0 newly built homes without occupancy commitment).

Tab. 2.4 Occupancy commitments

Including for	2022		2021	
	RU	%	RU	%
Young married couples	–	–	–	–
Large families	45	1.6	222	5.6
Elderly persons	–	–	62	1.6
Severely disabled	39	1.4	37	0.9
Pregnant women	–	–	–	–
Single parents	–	–	–	–
Recognised refugees	–	–	–	–
Other persons with unsuitable accommodation	2,728	97.0	3,624	91.9
Jointly	2,812	100.0	3,945	100.0

Tab. 2.5 Financing

In %	2022	2021
Borrowing (capital market and other borrowing)	15.4	21.5
Federal and state funds	44.2	40.7
Other funding from public funds	13.9	12.1
Genuine subsidies from own funds	26.1	24.1
Replacement subsidies from own funds	0.4	1.6
Jointly	100.0	100.0

Tab. 2.6 Contractors

	Rental homes		Loans	
	Number	%	EUR	%
Private-sector contractors	26	0.9	2,494,800	0.6
Housing companies	1,632	58.0	218,767,400	56.4
Other contractors	134	4.8	20,784,300	5.4
Public-sector contractors	1,020	36.3	145,904,000	37.6
Jointly	2,812	100.0	387,950,500	100.0

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

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

		Total costs				
		Subsidised homes	Loans	General subsidy	Sustainability grant	Energy efficiency grant
Construction projects		RU	EUR	EUR	EUR	EUR
94315 Straubing, Eichendorfstr. FL. 1854	New builds	15	3,655,900	536,600	75,100	107,300
94469 Deggendorf, Lohstr. 13	New builds	16	3,146,200	539,600	–	107,900
Lower Bavaria		31	6,802,100	1,076,200	75,100	215,200
93089 Aufhausen, In der Geige 10	New builds	4	674,580	125,100	–	25,020
Upper Palatinate		4	674,580	125,100	–	25,020
Bavaria		35	7,476,680	1,201,300	75,100	240,220
Subsequent and residual approvals			–	–	–	–
Total			7,476,680	1,201,300	75,100	240,220

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

		Total costs			
		Average loan per home	per home	per m² of residential area	Average rent per m²
Construction projects		EUR	EUR	EUR	m²
94315 Straubing, Eichendorfstr. FL. 1854		243,727	343,133	4,797	72
94469 Deggendorf, Lohstr. 13		196,638	287,109	4,257	67
Lower Bavaria		440,364	314,218	4,526	69
93089 Aufhausen, In der Geige 10		168,645	258,675	4,139	63
Upper Palatinate		168,645	258,675	4,139	63
Bavaria		213,619	307,870	4,486	68

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

Tab. 2.8 Breakdown of subsidised rental homes by 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 ¹	380	81	299
Nuremberg	344	258	86
Augsburg	116	71	45
Upper Bavaria	704	164	540
Lower Bavaria	103	103	–
Upper Palatinate	275	141	134
Upper Franconia	298	298	–
Middle Franconia	480	309	171
Lower Franconia	78	52	26
Swabia	252	164	88
Jointly	3,030	1,641	1,389

¹ Does not include 183 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
80797 München, Schwere-Reiter-Str. 35	6	2,317,200	New builds
86159 Augsburg, Salomon-Idler-Str. 8	–	109,600	Newbuilds/subsequent approvals
94315 Straubing, Zeisigstr. 19	85	3,842,300	New builds
93053 Regensburg, Fort-Skelly-Str. 15, 15 a, 17, 19	36	2,192,000	New builds
95448 Bayreuth, Dr.-Klaus-Dieter-Wolff-Str.	185	7,400,000	New builds
91052 Erlangen, Sieboldstr. 4 – 10	279	12,446,900	New builds
Jointly	591	28,308,000	

Municipal housing subsidy programme

Tab. 2.10 Municipal housing subsidy programme (KommWFP)

Administrative district	Grant subsidy		Combined subsidy			Total costs
	Subsidised rental housing	Grants	Subsidised rental housing	Loans	Grants	
		EUR		EUR	EUR	
Upper Bavaria	57	8,396,100	314	59,543,000	43,533,500	186,318,180
Lower Bavaria	15	1,305,100	–	–	–	5,237,525
Upper Palatinate	8	697,600	27	6,437,000	2,732,000	11,432,778
Upper Franconia	4	246,900	2	149,500	74,700	3,488,871
Middle Franconia	–	–	6	755,200	377,600	1,258,773
Lower Franconia	7	917,900	–	–	–	3,059,794
Swabia	32	4,862,300	36	9,596,700	4,766,300	36,584,998
Jointly	123	16,425,900	385	76,481,400	51,484,100	247,380,919

Bavarian modernisation programme

Tab. 2.11 Total subsidies by area of approval

Granted for the area of	Rental homes				Sustainability grant
	Flats	%	Loans	Grants	
Munich	–	–	–	–	–
Nuremberg	–	–	–	–	–
Augsburg	98	58.0	8,101,800	1,148,200	–
Upper Bavaria	9	5.3	2,311,500	705,400	1,274,300
Lower Bavaria	14	8.3	1,587,000	264,500	264,500
Upper Palatinate	36	21.3	242,300	80,700	–
Upper Franconia	12	7.1	900,000	173,900	–
Middle Franconia	–	–	–	–	–
Lower Franconia	–	–	–	–	–
Swabia	–	–	–	–	–
Jointly	169	100.0	13,142,600	2,372,700	1,538,800

Tab. 2.11 Continued: Total subsidies by area of approval

Granted for the area of	Care home places				Sustainability grant
	Flats	%	Loans	Grants	
Munich	–	–	–	–	–
Nuremberg	–	–	–	–	–
Augsburg	–	–	–	–	–
Upper Bavaria	–	–	–	–	–
Lower Bavaria	44	33.1	2,379,600	396,500	396,500
Upper Palatinate	–	–	–	–	–
Upper Franconia	–	–	–	–	–
Middle Franconia	89	66.9	17,021,700	–	–
Lower Franconia	–	–	–	–	–
Swabia	–	–	–	–	–
Jointly	133	100.0	19,401,300	396,500	396,500

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

Granted for the area of	Subsidised homes		Loans		Average loan per home	Grants for households with children	Additional grants
	Number	%	EUR	%	EUR	EUR	EUR
Munich	12	4.0	584,000	3.1	48,667	90,000	0
Nuremberg	8	2.6	800,000	4.3	100,000	105,000	30,000
Augsburg	2	0.7	213,200	1.1	106,600	35,000	0
Upper Bavaria	40	13.2	3,163,000	16.9	79,075	420,000	30,000
Lower Bavaria	13	4.3	833,000	4.4	64,077	140,000	0
Upper Palatinate	21	7.0	962,500	5.1	45,833	175,000	0
Upper Franconia	25	8.3	2,105,500	11.2	84,220	235,000	0
Middle Franconia	53	17.5	3,677,200	19.6	69,381	485,000	0
Lower Franconia	35	11.6	1,745,300	9.3	49,866	375,000	0
Swabia	93	30.8	4,677,200	24.9	50,292	865,000	0
Jointly	302	100.0	18,760,900	100.0	62,122	2,925,000	60,000
Subsequent and residual approvals			240,000			15,000	–
Total			19,000,900			2,940,000	60,000

Tab. 3.2 Ownership forms by area of approval

Granted for the area of	Flats in family homes		Owner-occupied flats		All homes	
	Number	%	Number	%	Number	%
Munich	–	–	12	4.0	12	4.0
Nuremberg	8	2.6	–	–	8	2.6
Augsburg	2	0.7	–	–	2	0.7
Upper Bavaria	38	12.6	2	0.7	40	13.2
Lower Bavaria	13	4.3	–	–	13	4.3
Upper Palatinate	20	6.6	1	0.3	21	7.0
Upper Franconia	25	8.3	–	–	25	8.3
Middle Franconia	52	17.2	1	0.3	53	17.5
Lower Franconia	33	10.9	2	0.7	35	11.6
Swabia	86	28.5	7	2.3	93	30.8
Jointly	277	91.7	25	8.3	302	100.0

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

Cost in EUR	Percentage		
	2022	2021	2020
Under 4.50	–	0.6	2.5
4.50 – 5.49	0.7	–	1.2
5.50 – 6.49	0.3	1.9	3.2
6.50 – 7.49	0.7	2.9	5.2
7.50 – 8.49	4.3	5.5	12.7
8.50 – 9.49	4.6	16.5	17.7
9.50 – 10.49	8.3	21.9	18.9
10.50 – 11.49	14.2	18.1	15.7
11.50 – 12.49	15.2	11.6	8.0
12.50 – 13.49	12.9	7.7	7.5
13.50 – 14.49	12.9	3.9	4.2
14.50 and more	25.8	9.4	3.2
Jointly	100.0	100.0	100.0

Tab. 3.4 Average loans by ownership forms

EUR	2022	2021
Subsidised with amortising loans		
Flats in family homes	62,976	53,290
Owner-occupied homes	52,664	57,136

Tab. 3.5 Total costs and home sizes

	2022 (2021)		
	Total costs per home	Total costs per m ² of residential area	Home size
	EUR	EUR	m ²
Flats in family homes	577,655 (529,056)	4,139 (3,858)	140 (137)
Of which single-family homes	589,312 (530,708)	4,192 (3,853)	141 (138)
Of which two-family homes	423,491 (495,894)	3,347 (3,974)	127 (125)
Owner-occupied flats	411,229 (512,852)	4,491 (5,280)	92 (97)

Tab. 3.6 Financing

In %	Family homes	Owner-occupied flats	Jointly
Borrowing (capital market and other borrowing)	61.3	64.3	61.5
Federal and state funds	12.6	14.9	12.8
Other funding from public funds	1.5	–	1.4
Genuine subsidies from own funds	24.2	20.0	23.9
Replacement subsidies from own funds	0.3	0.8	0.4
Jointly	100.0	100.0	100.0

Bavarian residential construction programme – purchases

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	2	0.4	98,000	0.3	49,000	15,000	60,000
Nuremberg	11	17	28	5.0	2,511,700	8.5	89,704	270,000	818,500
Augsburg	3	–	3	0.5	270,000	0.9	90,000	30,000	90,000
Upper Bavaria	17	4	21	3.8	1,881,700	6.4	89,605	230,000	630,000
Lower Bavaria	24	3	27	4.9	1,851,200	6.3	68,563	255,000	793,600
Upper Palatinate	27	4	31	5.6	1,266,500	4.3	40,855	330,000	902,400
Upper Franconia	81	3	84	15.1	4,094,100	13.9	48,739	875,000	2,184,900
Middle Franconia	117	17	134	24.1	7,319,255	24.8	54,621	1,345,000	3,870,700
Lower Franconia	85	7	92	16.6	3,841,100	13.0	41,751	915,000	2,599,800
Swabia	97	36	133	24.0	6,407,000	21.7	48,173	1,350,000	3,943,300
Jointly	462	93	555	100.0	29,540,555	100.0	53,226	5,615,000	15,893,200
Subsequent and residual approvals					35,000			5,000	–
Total					29,575,555			5,620,000	15,893,200

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)	6,283,000	26,064,497	42	2,457,600	11,124,110	15
Lower Bavaria	1,218,000	5,746,380	10	1,928,400	7,885,955	19
Upper Palatinate	2,441,500	8,740,289	16	3,439,200	12,483,098	29
Upper Franconia	2,630,000	11,163,414	22	5,331,000	20,396,505	58
Middle Franconia (including Nuremberg)	6,745,200	29,776,227	54	14,347,400	56,638,939	135
Lower Franconia	3,784,300	13,151,022	24	7,874,900	29,395,966	78
Swabia (including Augsburg)	11,784,200	48,807,541	79	14,886,500	54,488,860	114
Jointly	34,886,200	143,449,370	247	50,265,000	192,413,433	448

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)	4,558,500	15,023,028	23	1,043,400	3,839,382	5
Lower Bavaria	330,800	1,276,000	2	195,000	607,000	1
Upper Palatinate	772,800	2,727,150	5	329,100	1,382,500	2
Upper Franconia	433,000	1,300,000	2	48,000	146,000	1
Middle Franconia (including Nuremberg)	4,175,900	14,453,435	24	1,962,700	6,810,541	12
Lower Franconia	650,000	2,036,376	4	95,000	287,560	1
Swabia (including Augsburg)	3,517,000	12,374,704	18	1,783,700	6,515,656	9
Jointly	14,438,000	49,190,693	78	5,456,900	19,588,639	31

Tab. 3.10 Approval amount by conditions lock-in period – 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	10	1,228,600	3	561,000	1	110,200
Nuremberg	5	478,900	13	1,204,100	7	842,500
Augsburg	2	409,000	–	–	3	445,800
Upper Bavaria	4	488,000	12	2,255,500	27	4,097,300
Lower Bavaria	4	464,200	11	1,114,200	14	1,568,000
Upper Palatinate	2	374,600	10	1,636,000	33	3,870,100
Upper Franconia	7	758,500	21	1,919,400	52	5,283,100
Middle Franconia	8	477,000	50	5,642,900	106	12,447,200
Lower Franconia	7	709,900	39	4,022,300	56	6,927,000
Swabia	14	1,909,900	54	7,040,000	120	16,866,000
Jointly	63	7,298,600	213	25,395,400	419	52,457,200

Tab. 3.11 Approval amount by conditions lock-in period – 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	2	255,600	3	379,800	–	–
Nuremberg	1	15,000	6	770,100	2	362,900
Augsburg	1	250,000	–	–	2	425,000
Upper Bavaria	1	250,000	15	2,966,500	7	1,750,000
Lower Bavaria	–	–	1	130,800	2	395,000
Upper Palatinate	1	224,100	4	649,100	2	228,700
Upper Franconia	1	48,000	–	–	2	433,000
Middle Franconia	8	1,464,800	11	2,289,800	8	1,236,000
Lower Franconia	1	166,000	1	164,000	3	415,000
Swabia	3	621,700	13	2,505,900	8	1,498,100
Jointly	19	3,295,200	54	9,856,000	36	6,743,700

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

	New builds		Purchases	
	RU	EUR	RU	EUR
Region category 1	13	1,606,200	5	893,600
Region category 2	45	6,287,400	143	17,118,500
Region category 3	63	8,579,900	121	14,128,200
Region category 4	126	18,412,700	179	18,124,700
Jointly	247	34,886,200	448	50,265,000

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

	New builds		Purchases	
	RU	EUR	RU	EUR
Region category 1	7	1,275,400	1	300,000
Region category 2	22	3,734,800	11	2,066,600
Region category 3	21	4,022,900	11	1,957,800
Region category 4	28	5,404,900	8	1,132,500
Jointly	78	14,438,000	31	5,456,900

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

Granted for the area of	Initial purchase			Expansion		
	Single-family home	Two-family home	Owner-occupied flat	Single-family home	Two-family home	Owner-occupied flat
Munich	1	–	5	–	1	–
Nuremberg	–	–	1	–	–	–
Augsburg	–	–	–	–	1	–
Upper Bavaria	29	3	6	2	6	2
Lower Bavaria	26	5	3	–	8	1
Upper Palatinate	16	5	2	–	13	1
Upper Franconia	9	3	1	1	2	–
Middle Franconia	15	–	4	–	6	2
Lower Franconia	11	2	3	–	5	–
Swabia	15	4	5	–	7	–
Jointly	122	22	30	3	49	6

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

Granted for the area of	Purchase of existing apartments			Total homes	Total volume
	Single-family home	Two-family home	Owner-occupied flat	Number	EUR
Munich	1	–	8	16	150,000
Nuremberg	4	3	7	15	150,000
Augsburg	–	–	8	9	90,000
Upper Bavaria	23	10	23	104	1,040,000
Lower Bavaria	27	13	7	90	900,000
Upper Palatinate	18	6	6	67	664,000
Upper Franconia	29	9	4	58	580,000
Middle Franconia	26	6	14	73	724,000
Lower Franconia	29	15	6	71	710,000
Swabia	17	9	18	75	750,000
Jointly	174	71	101	578	5,758,000

The Bavarian Home Ownership Subsidy helped households comprising 59,167 people (of which 21,844 children) to own their own homes.

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

Granted for the area of	Initial purchase			Expansion		
	Single-family home	Two-family home	Owner-occupied flat	Single-family home	Two-family home	Owner-occupied flat
Munich	1	–	5	–	–	–
Nuremberg	–	–	–	–	–	–
Augsburg	–	–	–	–	–	–
Upper Bavaria	5	1	1	–	–	–
Lower Bavaria	5	3	–	–	–	–
Upper Palatinate	6	–	1	–	–	–
Upper Franconia	3	–	1	–	–	–
Middle Franconia	3	–	1	–	–	–
Lower Franconia	2	1	–	–	–	–
Swabia	4	1	1	–	–	–
Jointly	29	6	10	–	–	–

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

Granted for the area of	Purchase of existing apartments			Total homes	Total volume
	Single-family home	Two-family home	Owner-occupied flat	Number	EUR
Munich	–	–	2	8	39,000
Nuremberg	–	–	–	–	–
Augsburg	1	–	1	2	9,000
Upper Bavaria	3	1	6	17	90,000
Lower Bavaria	3	1	1	13	57,000
Upper Palatinate	4	1	1	13	74,400
Upper Franconia	5	1	–	10	51,000
Middle Franconia	4	1	1	10	69,300
Lower Franconia	10	–	1	14	63,000
Swabia	7	–	1	14	81,000
Jointly	37	5	14	101	533,700

Bavarian Baukindergeld Plus helped households comprising 27,772 people (of which 13,197 children) to own their own homes.

4 Subsidisation of condominium owners' associations

Tab. 4.1 Total subsidies by area of approval

	Flats	%	Loans
Munich	82	20.1	2,005,000
Nuremberg	–	–	–
Augsburg	–	–	–
Upper Bavaria	291	71.5	2,162,900
Lower Bavaria	–	–	–
Upper Palatinate	11	2.7	149,000
Upper Franconia	–	–	–
Middle Franconia	8	2.0	55,000
Lower Franconia	15	3.7	185,000
Swabia	–	–	–
Jointly	407	100.0	4,556,900

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 ¹						Residential places subsidised only with grants ²		
	Subsidised residential places	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			
Munich	–	–	–	–	–	–	–	–	–
Nuremberg	10	400,000	187,060	58,706	1,664,540	166,454	20	5,151,950	257,598
Augsburg	–	–	–	–	–	–	–	–	–
Upper Bavaria	26	1,511,200	–	58,123	2,804,344	107,859	40	3,016,956	75,424
Lower Bavaria	24	1,100,000	–	45,833	1,961,600	81,733	8	371,650	46,456
Upper Palatinate	24	1,200,000	–	–	2,247,400	93,642	–	–	–
Upper Franconia	–	–	–	–	–	–	24	3,260,300	135,846
Middle Franconia	50	3,500,000	–	70,000	5,259,820	105,196	46	8,644,880	187,932
Lower Franconia	5	388,800	–	77,760	388,800	77,760	24	2,358,300	98,263
Swabia	24	1,200,000	–	–	2,479,800	103,325	32	4,270,700	133,459
Jointly	163	9,300,000	187,060	58,203	16,806,304	103,106	194	27,074,736	139,560
Subsequent and residual approvals			–						
Total			187,060						

¹ Of which 90 residential places for sheltered workshop employees, 73 residential places for attendees of vocational education institutions, 0 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 22 places for attendees of vocational education institutions, 36 places in vocational education institutions, 32 places in residences with structured day programmes, 4 places in residences with structured day facilities and 100 places from the special investment programme for conversion of complex facilities. Grants amounting to EUR 5,242,250 were awarded from the Covid investment programme.

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

	Residential places ¹ new builds	Total costs of new builds		Average size of residential place
		per residential place	per m ² of residential area	
	Number	EUR	EUR	m ²
Munich	–	–	–	–
Nuremberg	10	286,872	6,223	46
Augsburg	–	–	–	–
Upper Bavaria	26	290,701	5,274	55
Lower Bavaria	24	382,386	7,461	51
Upper Palatinate	24	239,403	4,185	57
Upper Franconia	–	–	–	–
Middle Franconia	50	342,596	6,079	56
Lower Franconia	5	655,607	12,805	51
Swabia	24	255,544	4,864	53
Jointly	163	318,348	5,875	54

¹ Not including residential places subsidised solely with grants.

6 BayernLabo loan and grant commitments

Tab. 6.1 Loan and grant commitments from BayernLabo

	2022						
	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	Residential places
		EUR	EUR	EUR	RU	RU	RU
A – Subsidies for rental housing							
Bavarian residential construction programme – amortising loan							
Disability plan – new builds	–	187,060	–	–	–	–	–
Income-based subsidies – new builds	93	457,159,810	–	138,270,295	–	–	2,995
Expenditure-based subsidies – new builds	3	7,476,680	–	1,516,620	–	–	35
	96	464,823,550	–	139,786,915	–	–	3,030
Bavarian residential construction programme – conditionally non-repayable loans							
Disability plan – new builds – combined subsidy	10	9,300,000	–	16,806,304	–	–	163
Disability plan – new builds – grants	17	–	–	27,074,736	–	–	194
Loans to structurally adapt properties for people with disabilities	156	1,317,070	–	–	–	–	156
Loans to build student halls of residence	4	28,308,000	–	–	–	–	591
	187	38,925,070	–	43,881,040	–	–	156
Municipal housing subsidy programme							
Combined subsidy	34	–	76,481,400	51,484,100	–	–	123
Grant subsidy	16	–	–	16,425,900	–	–	385
	50	–	76,481,400	67,910,000	–	–	508
Bavarian modernisation programme							
Subsidies for rental homes	9	–	13,142,600	3,911,500	–	–	169
Subsidies for places in nursing homes	1	–	2,379,600	793,000	–	–	44
Condominium owners' association	10	–	4,556,900	–	–	–	407
	20	–	20,079,100	4,704,500	–	–	576
Further subsidies							
Creation of energy-efficient rental housing (EERH)	[8]	–	33,032,765	–	–	–	[250]
New business under own liability	1	–	29,974,000	–	–	–	–
Loans for promoting affordable housing	3	12,784,700	–	1,064,000	–	–	177
Modernisation of leasehold flats	13	–	2,158,000	–	–	–	94
	17	12,784,700	65,164,765	1,064,000	–	–	271
Total A – Subsidies for rental housing	370	516,533,320	161,725,265	257,346,455	–	–	4,541
							992

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. 6.1 Continued: Loan and grant commitments from BayernLabo

	2021							
	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
A – Subsidies for rental housing								
Bavarian residential construction programme – amortising loan								
Disability plan – new builds	–	301,320	–	–	–	–	–	–
Income-based subsidies – new builds	123	347,693,190	118,697,600	76,091,400	–	–	3,953	–
Expenditure-based subsidies – new builds	2	–	3,930,300	556,800	–	–	28	–
	125	347,994,510	122,627,900	76,648,200	–	–	3,981	–
Bavarian residential construction programme – conditionally non-repayable loans								
Disability plan – new builds – combined subsidy	4	7,678,500	–	6,730,180	–	–	–	91
Disability plan – new builds – grants	13	–	–	27,249,500	–	–	–	217
Loans to structurally adapt properties for people with disabilities	207	1,730,220	–	–	–	–	207	–
Loans to build student halls of residence	7	33,174,600	–	–	–	–	–	1,316
	231	42,583,320	–	33,979,680	–	–	207	1,624
Municipal housing subsidy programme								
Combined subsidy	27	–	116,985,500	77,490,200	–	–	521	–
Grant subsidy	18	–	–	10,731,500	–	–	106	–
	45	–	116,985,500	88,221,700	–	–	627	–
Bavarian modernisation programme								
Subsidies for rental homes	26	–	65,817,000	5,343,300	–	–	757	–
Subsidies for places in nursing homes	2	–	2,334,000	583,500	–	–	–	208
Condominium owners' association	9	–	6,038,200	–	–	–	242	–
	37	–	74,189,200	5,926,800	–	–	999	208
Further subsidies								
Creation of energy-efficient rental housing (EERH)	[31]	–	100,328,160	–	–	–	[965]	–
New business under own liability	9	–	73,941,000	–	–	–	–	–
Loans for promoting affordable housing	5	82,103,150	–	9,760,100	–	–	475	–
Modernisation of leasehold flats	9	–	2,744,000	–	–	–	56	–
	23	82,103,150	177,013,160	9,760,100	–	–	531	–
Total A – Subsidies for rental housing	461	472,680,980	490,815,760	214,536,480	–	–	6,345	1,832

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. 6.1 Continued: Loan and grant commitments from BayernLabo

	2022							
	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	Residential places
		EUR	EUR	EUR	RU	RU	RU	RU
B – Home ownership subsidies								
Bavarian residential construction programme – amortising loan								
New builds	300	19,000,900	–	3,000,000	277	25	–	–
Purchase of existing homes	552	29,575,555	–	21,513,200	462	93	–	–
	852	48,576,455	–	24,513,200	739	118	–	–
Bavarian residential construction programme – conditionally non-repayable loans								
Loans to structurally adapt properties for people with disabilities	2,033	17,693,933	–	–	1,820	213	–	–
	2,033	17,693,933	–	–	1,820	213	–	–
Bavarian low interest rate loan programme								
Combined subsidy – new builds	[247]	–	34,886,200	–	[225]	[22]	–	–
Combined subsidy – purchases	[448]	–	50,265,000	–	[374]	[74]	–	–
Individual subsidy – new builds	78	–	14,438,000	–	70	8	–	–
Individual subsidy – purchases	31	–	5,456,900	–	25	6	–	–
	109	–	105,046,100	–	95	14	–	–
Further subsidies								
Bavarian Home Ownership Subsidy	578	–	–	5,758,000	–	–	–	–
Bavarian Baukindergeld Plus	101	–	–	533,700	–	–	–	–
Debt restructuring of subsidised loans (inventories)	1	–	29,819	–	–	–	–	–
	680	–	29,819	6,291,700	–	–	–	–
Total B – Home ownership subsidies	3,674	66,270,388	105,075,919	30,804,900	2,654	345	–	–
C – State and municipal loan business								
Municipal loans	196	–	567,321,473	–	–	–	–	–
Investkredit Kommunal Bayern (Bavarian municipal investment loan)	45	–	75,583,000	–	–	–	–	–
Energiekredit Kommunal Bayern (Bavarian municipal energy loan)	–	–	–	–	–	–	–	–
Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)	3	–	1,300,000	–	–	–	–	–
State lending business with the Free State of Bavaria	–	–	–	–	–	–	–	–
Total C – State and municipal loan business	244	–	644,204,473	–	–	–	–	–
State-subsidised business in 2022	4,288	582,803,708	911,005,657	288,151,355	2,654	345	4,541	992

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. 6.1 Continued: Loan and grant commitments from BayernLabo

	2021							
	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 – Home ownership subsidies								
Bavarian residential construction programme – amortising loan								
New builds	310	10,231,100	6,509,000	3,427,900	274	36	–	–
Purchase of existing homes	658	20,678,200	10,618,100	25,441,600	544	114	–	–
	968	30,909,300	17,127,100	28,869,500	818	150	–	–
Bavarian residential construction programme – conditionally non-repayable loans								
Loans to structurally adapt properties for people with disabilities	2,607	22,541,095	–	–	2,299	308	–	–
	2,607	22,541,095	–	–	2,299	308	–	–
Bavarian low interest rate loan programme								
Combined subsidy – new builds	[262]	–	37,195,200	–	[230]	[32]	–	–
Combined subsidy – purchases	[560]	–	64,702,800	–	[467]	[93]	–	–
Individual subsidy – new builds	134	–	24,651,300	–	97	37	–	–
Individual subsidy – purchases	67	–	11,048,800	–	54	13	–	–
	201	–	137,598,100	–	151	50	–	–
Further subsidies								
Bavarian Home Ownership Subsidy	20,573	–	–	205,708,000	–	–	–	–
Bavarian Baukindergeld Plus	7,318	–	–	39,318,600	–	–	–	–
Debt restructuring of subsidised loans (inventories)	1	–	35,692	–	–	–	–	–
	27,892	–	35,692	245,026,600	–	–	–	–
Total B – Home ownership subsidies	31,668	53,450,395	154,760,892	273,896,100	3,268	508	–	–
C – State and municipal loan business								
Municipal loans	222	–	633,877,868	–	–	–	–	–
Investkredit Kommunal Bayern (Bavarian municipal investment loan)	67	–	97,646,800	–	–	–	–	–
Energiekredit Kommunal Bayern (Bavarian municipal energy loan)	30	–	46,875,800	–	–	–	–	–
Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)	1	–	160,000	–	–	–	–	–
State lending business with the Free State of Bavaria	–	–	–	–	–	–	–	–
Total C – State and municipal loan business	320	–	778,560,468	–	–	–	–	–
State-subsidised business in 2021	32,449	526,131,375	1,424,137,120	488,432,580	3,268	508	6,345	1,832

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.

7 Legal basis

Directive for the subsidisation of investments for the creation of special forms of housing in the meaning of Section 42a SGB XII (former inpatient facilities) for people with disabilities as part of the conversion of complex facilities; announcement of the Bavarian State Ministry for Family Affairs, Labour and Social Affairs of 1 October 2021, Ref. II1/6334.01-1/107 (BayMBL. No. 738).

The Bayerische Landesbank Act (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 (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 No. 36 on 9 September 2022.

Bavarian Subsidised Housing Act (BayWoFG) dated 10 April 2007 (GVBl. p. 260, BayRS 2330-2-B), most recently amended by Section 1 (266) of the Regulation dated 26 March 2019 (GVBl. p. 98).

The Second Housing Act (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 superseded by Article 2 of the Act to Reform Housing Law dated 13 September 2001 (BGBl. I p. 2376) as at 1 January 2002, although 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.

Subsidised Housing Act (WoFG) dated 13 September 2001 (BGBl. I p. 2376), most recently amended by Article 42 of the act of 20 November 2019 (BGBl. I p. 1626).

Act to Ensure the Purpose of Social Housing in Bavaria (Bavarian Controlled Tenancy Act (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 (267) of the Regulation dated 26 March 2019 (GVBl. p. 98).

Subsidised Housing Programme 2022 (WFB 2022) as published by the Bavarian State Ministry of Housing, Construction and Transportation on the Subsidised Housing Programme 2022 (WFB 2022) of 16 March 2022 (BayMBL. No. 204).

Housing Calculation Regulation in Accordance with the Second Housing Act (Second Calculation Regulation (II. BV)) in the version published on 12 October 1990 (BGBl. I p. 2178), most recently amended by Article 78 (2) of the Second Act on the Revision of Federal Law under the Authority of the Federal Ministry of Justice (Zweites Gesetz über die Bereinigung von Bundesrecht im Zuständigkeitsbereich des BMJ) dated 23 November 2007 (BGBl. I p. 2614).

Regulation on Calculating Residential Space (WoFlV) dated 25 November 2003 (BGBl. I p. 2346).

Regulation on the Structure of Operating Costs (BetrKV) dated 25 November 2003 (BGBl. I p. 2346, 2347), amended by Article 15 of the Telecommunications Amendment Act (Gesetz zur Änderung telekommunikationsrechtlicher Regelungen) dated 23 June 2021 (BGBl. I p. 1858).

Announcement of the Bavarian State Ministry of the Interior on the Bavarian low interest rate loan programme to subsidise home ownership of 3 January 2005 (AllMBL. p. 9), last amended by notice dated 16 August 2022 (BayMBL. No. 502).

Ordinance on the Implementation of Social Laws (AVSG) of 2 December 2008 (GVBl. p. 912, 982, BayRS 86-8-A/G), last amended by ordinance of 28 March 2022 (GVBl. p. 98).

Announcement of the Bavarian State Ministry of Housing, Construction and Transport concerning the Guidelines for the Loan Program for the Creation of Efficient Rental Housing (EMWR) dated 2 May 2022 (BayMBL. No. 308).

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), expired on 31 December 2020.

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), expired on 31 December 2020.

Announcement of the Bavarian State Ministry of Housing, Construction and Transport concerning the guidelines for the loan programme of Bayerische Landesbodenkreditanstalt to subsidise the modernisation of buildings of condominium owners' associations (BayModWEG) of 21 July 2022 (BayMBL. No. 464).

Announcement of the Bavarian State Ministry of the Interior, for Sport and Integration concerning the guidelines for the awarding of grants by the Free State of Bavaria for the subsidisation of organised sport (SportFör) of 5 December 2022 (BayMBL. No. 714).

Announcement of the Bavarian State Ministry of Housing, Construction and Transport concerning the guidelines for the Bavarian modernisation programme (BayModR) of 9 March 2022 (BayMBL. No. 201).

Announcement of the Bavarian State Ministry of the Interior, for Construction and Transport concerning the guidelines for the subsidisation of student accommodation (StudR 2021) of 22 June 2021 (BayMBL. No. 506).

Announcement of the Bavarian State Ministry of Finance concerning the guidelines for supplementary subsidies under the state housing assistance programme (Bavarian Supplementary Subsidy Guidelines – BayZfR) of 30 September 2005 (FMBL. p. 181), as last amended by announcement of 22 May 2019 (BayMBL. No. 205).

Guidelines for assuming state guarantees to subsidise housing (Article 1 (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).

Announcement of the Bavarian State Ministry of the Interior, for Construction and Transport concerning the guidelines for the municipal subsidy programme for the creation of rental housing in Bavaria (municipal housing subsidy programme – KommWFP) of 22 December 2015 (AllMBL. 2016 p. 3), last amended by announcement of 27 November 2019 (BayMBL. No. 531).

Provisions for subsidising the construction and purchase of homes for public sector employees of the Bavarian State Ministry of Finance and of Regional Identity dated 2 August 2022 (Gz. 24 – VV 8070- 2/4).

Requirements for funding modernisations and renovations of state employees' housing, finalised 14 July 2017.

8 Administrative bodies

BayernLabo Committee

Pursuant to Section 24 a of the Statutes of BayernLB, 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

BayernLabo Committee Chairperson
Deputy Secretary
Bavarian State Ministry of Finance and
Regional Identity
Munich

Judith Steiner

BayernLabo Committee Deputy Chairperson
Under Secretary
Bavarian State Ministry of Finance and Re-
gional Identity
Munich

Prof. Dr Roland Fleck

Managing Director
NürnbergMesse GmbH
Nuremberg

Erwin Schneider

since 25 March 2022
Chief District Administrator
Altötting

Dr Ulrike Wolf-Prexler

since 1 July 2022
Deputy Secretary
Bavarian State Ministry of Economic Affairs,
Regional Development and Energy
Munich

Dr Kurt Gribl

until 25 March 2022

Dr Thomas Langer

until 30 June 2022

BayernLB Board of Management

Stephan Winkelmeier

CEO
Corporate Center
Group Treasury
Deutsche Kreditbank Aktiengesellschaft

Marcus Kramer

CRO
Risk Office

Dr Markus Wiegelmann

CFO/COO
Financial Office
Operating Office

Johannes Anschott

Corporates & Markets

Gero Bergmann

Real Estate & Savings Banks/
Financial Institutions
Bayerische Landesbodenkreditanstalt
Real I.S. AG Gesellschaft für Immobilien
Assetmanagement
BayernInvest Kapitalverwaltungsgesellschaft
mbH

Pursuant to Section 24 (1) of the Statutes of BayernLB, the following members of the Board of Management are responsible for managing BayernLabo:

Gero Bergmann

Head of the BayernLabo Segment

Johannes Anschott

Representative for BayernLabo

BayernLabo's Management

Pursuant to Art. 19 of the Bayerische Landesbank Act, BayernLabo's business is overseen by a management team. In the reporting year the management team consisted of:

Dr Ulrich Klein

BayernLabo Management Spokesperson

Dr Jürgen Hartwig

until 31 March 2022

Member of the BayernLabo Management

Christian Wunderlich

Member of the BayernLabo Management

9 Your contacts

The Management team



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Investor Relations



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Income-based subsidies

Builder-owner: Gemeinnützige Wohnungsbaugesellschaft Ingolstadt GmbH

Planner: Architekturbüro Beyer und Dier, Ingolstadt

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Income-based subsidies

Builder-owner: Katholisches Wohnungsbau- und Siedlungswerk der
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Planner: Eck-Fehmi-Zett Architekten BDA, Landshut

Photo: © Georg Huber

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facility with 24 places, Würzburg State Disability Plan

Builder-owner: Stiftung Wohnstätten für Menschen mit Behinderung, Würzburg

Planner: GKP Architekten GmbH, Händelstraße 28, 97074 Würzburg

Photo: © Johann Lechner

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Student dormitories, Munich

Subsidies for student accommodation

Builder-owner: Studentenwerk München

Planner: bogevischs buero, architekten & stadtplaner gmbh, Munich

Photo: © Michael Heinrich, Munich

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New elementary school (Grundschule am Wald), all-day room, Taufkirchen

Investkredit Kommunal Bayern (Bavarian municipal investment loan)

Builder-owner: Community of Taufkirchen

Planner: agn Niederberghaus & Partner GmbH, Ibbenbüren

Photo: Community of Taufkirchen

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Municipal housing subsidy programme

Builder-owner: City of Neumarkt i. d. Opf.

Planner: Diezinger Architekten GmbH, Eichstätt

Photo: © Matthias Durynek, Berlin

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Residential complex, Unterwössen

Income-based subsidies

Builder-owner: Lebenshilfe Traunstein gGmbH, MARO eG

Planner: Püschel Architektengesellschaft mbH, Munich

Photo: © Sabine Lenk, Unterwössen

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11 List of abbreviations

II. BV	Second Regulation on Housing Calculations in Accordance with the Second Housing Act (Second Calculation Regulation)
II. WoBauG	Second Housing Act (Housing and Family Homes Act)
AllMBL	General Ministerial Gazette
EBS	expenditure-based subsidies
APP	asset purchase programme
Art.	article
Ref.	reference number
BayBauKGPR	Baukindergeld-Plus Guidelines
BayernLabo	Bayerische Landesbodenkreditanstalt
BayernLB	Bayerische Landesbank
BayLaBG	Bayerische Landesbank Act
BayMBL	Bavarian Ministerial Gazette
BayModR	guidelines for the Bavarian modernisation programme
BayModWEG	guidelines for the loan programme of Bayerische Landesbodenkreditanstalt to subsidise the modernisation of buildings of condominium owners' associations
BayRS	Bavarian collection of laws
BayWoBindG	Act to Ensure the Purpose of Social Housing in Bavaria (Bavarian Controlled Tenancy Act)
BayWoFG	Bavarian Subsidised Housing Act
BayZfR	Bavarian Supplementary Subsidy Guidelines (guidelines for supplementary subsidies under the state housing assistance programme)
BEG	Federal Subsidy for Energy-efficient Buildings
BetrKV	Regulation on the Structure of Operating Costs (Operating Costs Regulation)
BGBL	Federal Law Gazette
BMJ	Federal Ministry of Justice
BTHG	Federal Partial Participation Act
BÜG	Act on the Assumption of State Guarantees and Guarantees by the Free State of Bavaria

CPI	consumer price index
CTA	contractual trust arrangement
DRRM	decentralised reputational risk manager
ECB	European Central Bank
EHZR	Bavarian Home Ownership Subsidy (guidelines for the granting of a subsidy for the construction or acquisition of housing for owner-occupied purposes)
EIB	European Investment Bank
EnMWR	guidelines for the energy-efficient rental housing loan programme
ESG	Environmental Social Governance
ESM	European Stability Mechanism
EU	European Union
Fed	Federal Reserve System (US central banking system)
FMBl.	Official Gazette of the Bavarian State Ministry of Finance, Regional Development and Home Affairs
GDP	gross domestic product
GDPR	General Data Protection Regulation
GEG	Act on Energy Saving and the Use of Renewable Energies for Heating and Cooling in Buildings (Building Energy Act)
GVBl.	Law and Ordinance Gazette
HGB	German Commercial Code
IBS	income-based subsidies
ISS	Institutional Shareholder Services
KfW	Kreditanstalt für Wiederaufbau
KommWFP	municipal housing subsidy programme
LR	Landwirtschaftliche Rentenbank
OT	district
OZG	Act to Improve Online Access to Administrative Services (Online Access Act)
para.	paragraph
PEPP	pandemic emergency purchase programme

SDGs	Sustainable Development Goals
SGB	German Social Code
SportFör	sports promotion guidelines
StMB	Bavarian State Ministry for Housing, Construction and Transport
StMFH	Bavarian State Ministry of Finance and Home Affairs
StudR	guidelines for the subsidisation of student accommodation
TLTRO	targeted longer-term refinancing operations
TPI	Transmission Protection Instrument
WFB	Subsidised Housing Programme
WoFG	Subsidised Housing Act
WoFlV	Regulation on Calculating Residential Space

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