

Annual Report

2023

BayernLabo at a glance

Income statement (HGB)

EUR million	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Net interest and net commission income	121	77
Administrative expenses	(69)	(69)
Net profit	25	0

Balance sheet (HGB)

EUR million	31 Dec 2023	31 Dec 2022
Total assets	21,793	21,051
Credit volume	16,768	16,713
Liabilities (including issues)	13,369	13,054
Liabilities held in trust	5,998	5,592
Reported own funds	2,363	2,313

Current rating

Moody's	2023	2022
Long-term rating	Aaa	Aaa
Short-term rating	P-1	P-1
Outlook	Stable	Stable

Institutional Shareholder Services	2023	2022
ESG rating	Prime	Prime

New business

EUR million	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Loan and grant commitments	2,570	1,782
Number of homes and residential places subsidised		8,532

Human resources

Number	31 Dec 2023	31 Dec 2022
Total	213	233
Female	134	141
Male	79	92

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Foreword



Gero Bergmann

Dear readers of BayernLabo's 2023 Annual Report,

From BayernLabo's perspective, business performance has been extremely satisfactory in the current environment. Despite difficult macroeconomic and geopolitical conditions, BayernLabo's total volume of approvals grew significantly, by EUR 788 million, to reach a level of EUR 2,570 million. Loan commitments for subsidised housing rose by around one third to EUR 1,144 million, and the corresponding grants by 23 percent to EUR 353 million. BayernLabo subsidised a total of 9,246 apartments and housing spaces in 2023, 3,504 of which in owner-occupied housing and 5,742 in rented housing. This has once again provided help to many citizens throughout Bavaria. In addition, new commitments in the municipal lending business soared by EUR 429 million (67 percent) to EUR 1,073 million. Bavarian municipalities took advantage of BayernLabo's favourable conditions to invest in municipal and social infrastructure.

This funding success was made possible by the packages of measures from the Free State of Bavaria and the German Federal Government. Since January 2023, the Bavarian state government has been stepping up its efforts to counter the downward trend in the construction sector with its so-called Bavaria Housebuilding Booster and a package of measures to stimulate the industry.

In coordination with the Bavarian State Ministry of the Interior, for Building and Transport and the Bavarian State Ministry of Finance and Regional Identity, BayernLabo is placing an even stronger focus on sustainability criteria for existing and, in particular, new funding programmes. In the "Highlights" section, you will find more detailed information and selected examples of funding that illustrate just what BayernLabo means when it calls itself a sustainable #homesubsidiser ("Heimatförderer").

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

Gero Bergmann
Member of the Board of Management of Bayerische Landesbank



Christian Bernreiter
© StMB/Atelier Krammer

The general conditions for the construction industry are extremely challenging at present. Between 2020 and 2023, construction costs rose by around 40 percent, and high interest rates are also hampering the willingness to invest. This double burden is affecting the entire industry, and sentiment is at an all-time low. At the same time, demand for residential accommodation space continues unabated. For this reason, it is important that we invest heavily and tackle these challenges together.

With the Bavaria Housebuilding Booster and the Bavarian Construction Stimulus Programme, the state government responded rapidly and decisively in 2023. The impressive figures in the 2023 Subsidised Housing Programme and continuing high demand confirm how effective our measures have been. As a state government, we are consistently pursuing this path: in the coalition agreement, we committed to stabilising record funding of around one billion euros for subsidised housing from 2023. We are thereby establishing the urgently needed planning security for housing companies, municipalities and families that wish to fulfil their dream of owning their own home.

Bavaria assumed the chair of the Construction Ministers Conference at the beginning of 2024. Over the next two years, I will work hard to promote residential construction and the related change of course that is needed in order to avert a further downturn in the construction sector. Among other things, Bavaria is calling on the German federal government to provide adequate and reliable funding for KfW programmes, as unforeseen funding freezes and the sudden deterioration of funding conditions will only further damage the construction industry.

Together with our development bank, BayernLabo, we are a reliable partner for private individuals and municipalities, and offer an attractive range of funding possibilities with our subsidised social housing programmes. I would like to thank all BayernLabo employees for their commitment and look forward to our continued successful collaboration.

Sincerely,

Christian Bernreiter, Member of the Bavarian State Parliament
State Minister of the Interior, for Building and Transport



Albert Füracker

Dear Reader,

Especially in times of global crises and increasing economic and socio-political challenges, the issue of affordable housing is becoming increasingly important. For this reason, the Free State of Bavaria is committed to creating and maintaining affordable housing in a variety of ways – BayernLabo, as a state development bank, is indispensable for the realisation of such objectives.

Subsidised housing, one of the core missions of the Bavarian state government, reached a new record level in 2023: a total of EUR 1 billion was made available for housing programmes and housing subsidies as part of the Bavaria Housebuilding Booster. This "billion-euro boost" is to be further stabilised under the 2024/2025 two-year budget in order to meet high and continuously growing demand for housing. BayernLabo will review and disburse the subsidies while also developing new, innovative subsidy strategies. All the while, young families in particular will continue to benefit from the low-interest "BayernLoan" – a product like no other in Germany – along their path to owning their own home. As a municipal bank, BayernLabo is also a strong partner to Bavarian municipalities.

Housing plays a key role in the high quality of life that we enjoy in Bavaria: your own four walls give you a sense of security and of belonging to a community. Home ownership is also an essential element of wealth creation and the cornerstone of solid retirement provision. Many thanks to all those involved in BayernLabo who support the people of Bavaria with their high level of expertise and commitment!

Sincerely,

Albert Füracker, Member of the Bavarian State Parliament
State Minister of Finance and Regional Identity

01 BayernLabo

BayernLabo

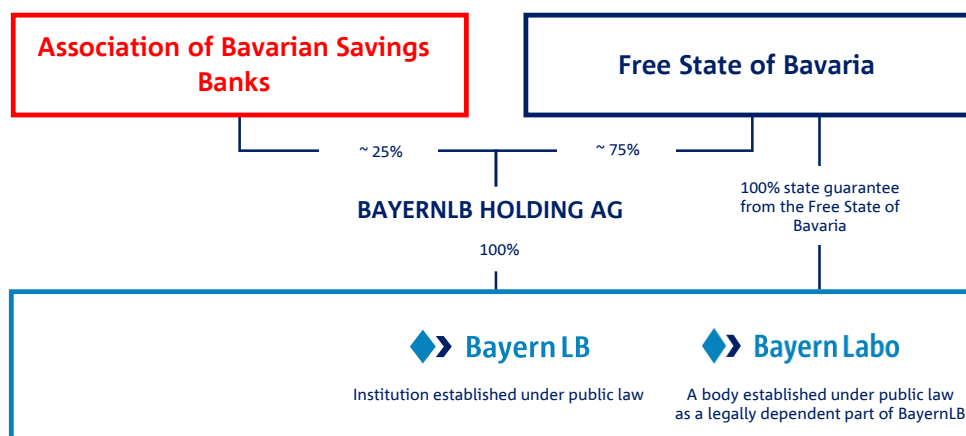
... is a legally dependent institution established under public law within BayernLB that is organisationally and financially independent.

... 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 municipal and social infrastructure with customised traditional municipal loans and, in cooperation with Kreditanstalt für Wiederaufbau (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

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

² Article 20 (3) BayLaBG.

business through Kreditanstalt für Wiederaufbau (KfW), the 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 Regional Identity (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 the Interior, for Building 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.

Corresponding sustainability goals are anchored within BayernLabo's business strategy. BayernLabo is closely integrated into the BayernLB Group in this context, and Group-wide standards, guidelines and policies apply analogously (where relevant).

Our shared understanding of sustainability is based on:

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

Action plans and measures are intended to proactively shape the transition to a low-carbon and more circular economy within Europe. One of the principles that the European Commission has anchored in its plan for financing sustainable growth is that the financial sector must play a central role here. In this context, ESG⁵ factors and criteria have become established in the financial sector (closely aligned to the SDGs), ensuring that environmental and social aspects are taken into consideration and that an appropriate form of corporate governance is in place.

³ Article 22 (2) BayLaBG.

⁴ Article 17 (1) BayLaBG.

⁵ Environment, social, governance.

The requirements of the EU Taxonomy with its climate and environmental targets should be emphasised in this context. Both the BayernLB Group and BayernLabo adopt these factors as their own and are guided by them.

Sustainability and a focus on the common good are realised throughout the business model through the creation of demand- and generation-oriented and affordable living space. The preservation of economically powerful and liveable urban centres and the strengthening of rural areas are equally important. BayernLabo attaches particular importance to transparency regarding the impact of the subsidised loans and consequently the systematic recording of their measurable contribution to sustainable development in the Free State of Bavaria. For this reason, the funding programmes were mapped to the 17 United Nations Sustainable Development Goals (SDGs) in terms of BayernLabo’s target groups. Six relevant SDGs were initially identified:

Relevant SDGs




In 2021, renowned sustainability rating agency International Shareholder Services (ISS) ESG evaluated the contribution of the subsidised loans to the 17 SDGs as part of the Second Party Opinion for BayernLabo's Social Bond Framework. For the selected portfolio share (the BayernLoan – Bavarian low interest rate loan programme, the Bavarian modernisation programme and the Municipal housing subsidy programme), the basic rationale of the SDG allocation has thereby also been confirmed by an independent body. SDG 7 (affordable and clean energy) was categorised as relevant in addition to SDG 1, SDG 11 and SDG 13. In 2024, BayernLabo plans to further develop and (where necessary) adjust the programme, taking into account meaningful key performance indicators (KPIs) for impact measurement.

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.

In addition to the promotion of new properties, the modernisation and refurbishment of existing buildings and the subsidisation of second-time purchases are a key component. Innovative new concepts are also to be increasingly taken into consideration as funding possibilities. In the municipal financing area, the subsidisation of measures to adapt to climate change will play an increasingly important role in the future, in addition to climate protection services, which continue to be important.

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

Your contacts for subsidised housing and the municipal lending business

An overview of current

- programmes
- interest rates
- the application process

is available on the internet under bayernlabo.de and can also be requested as follows:



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 as well as 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 also 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 at the authorising agency responsible for the area **prior** to construction or purchase. 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

IGEWO Haunstetten housing estate – a successful example of modern architecture adding to the urban housing landscape

"We want the estate to retain its uniform appearance. The six new apartment buildings, containing 54 apartments in all, are giving rise to a third generation of top-modern housing, both materially and aesthetically, complementing the smaller, gabled-roof houses from the 1930s and the rather sober, functional apartment buildings from the 1970s redensification."

– Birgit Eckert-Gmell, Managing Director of IGEWO

The new development

The construction of six apartment blocks in the centre of the IGEWO housing estate in Haunstetten – a district of Augsburg – is a successful example of how new construction can be optimally integrated, and of how affordable and sustainable living space be created within a long-standing housing estate.

The buildings are supplied with renewable energy, in other words, completely carbon-free. Groundwater heat is utilised here with suction and absorption wells in conjunction with heat pumps on a carbon-free basis. In addition, photovoltaic systems have been installed on the roofs, enabling tenants to participate in Stadtwerke Augsburg's tenant electricity-saving models.

The new houses were inserted into the open spaces between the existing buildings in such a manner that a harmonious shared environment has been created, including two natural playgrounds. Open spaces between the new buildings continue to invite people to move freely around the neighbourhood. The old structures of the allotment gardens were reinterpreted with raised beds, thereby creating a social community that includes both new and long-standing residents alike. When designing the green spaces, particular attention was paid to "species-rich outdoor areas".



IGEWO housing estate in Augsburg-Haunstetten; both photos: Götze Hadlich + Popp Streib Architekten, Munich

The near-natural features – retention areas, gravel lawns and a "sea of rocks" – are intended to help preserve the biodiversity of plants and animals.



"Creating living spaces for well-being has been our guiding principle for thirty years."
– Birgit Eckert-Gmell, Managing Director of IGEWO

Photo left: sea of rocks; photo below: climbing structure; both photos: 317 Stadt- und Freiraumplanung, Landsberg am Lech



Of the 54 apartments created, 24 were subsidised with income-oriented funding (EOF) from BayernLabo. This is yet another continuation of the long-standing collaboration between IGEWO and BayernLabo.

Estate history

The IGEWO estate has a long and eventful history. In April 1939, work began on the construction of the housing estate for employees of Messerschmitt AG; Heimbau Bayern was the developer. The neighbourhood was completed in 1940. Due to the estate's proximity to aircraft manufacturer Messerschmitt, Haunstetten was the target of several Allied bombing raids in the spring of 1944. Three houses were hit. From 1945 to 1950, the Allies occupied the estate and established a camp for foreigners, the Displaced Persons Camp, with the aim of returning its inhabitants to their home countries as soon as possible. From 1950 to 1957, the US Army used the houses for American non-commissioned officers and their families. After being returned by the US Army, the final damages from the wartime period were repaired. In September 1958, Heimbau Bayern wrote to the Landesbodenkreditanstalt that, with the planning having been completed, reconstruction work would commence in the autumn of that year. Between 1968 and 1972, three apartment blocks were built on the open spaces between the houses in order to increase the settlement density. In 2000, IGEWO took over the estate and renovated and modernised the houses one by one. In 2015, IGEWO built two student residences, subsidised by BayernLabo.

"We attach great importance to the principles of social housing – the "GE" in our name today stands for "socially beneficial."
– Ulrich Gessner, Managing Director of IGEWO

The future

To the west of the site, IGEWO GmbH & Co. Wohnungsunternehmen KG is already planning the construction of six new three-storey residential buildings in timber-hybrid construction. In order to be able to continue to realise affordable rental housing in accordance with the latest changes to framework conditions, the buildings are to be planned as a pilot project of the newly developing "building

type e". All standards are analysed in order to determine whether they are really necessary to enable good residential conditions. Of the 54 apartments, around 30 to 50 percent will be EOF apartments and approximately 50 to 70 percent will be privately financed. As a consequence, the close collaboration with BayernLabo remains an integral part of IGEWO's corporate policy.



IGEWO housing estate, old and new buildings; photo: 317 Stadt- und Freiraumplanung, Landsberg am Lech

BayernLabo supports the successful refurbishment of the Hollerhaus

"We are looking forward to taking over the management of the facilities in Upper Bavaria with their highly qualified and very experienced staff. Together, we will secure and further develop our highest standards of quality care for people with disabilities."

– EJF Management Board member Dr Andreas Eckhoff

The refurbishment

At the end of April 2023, representatives of the municipality of Münchsmünster, the city of Ingolstadt, the Bavarian Ministry of Social Affairs and the district of Upper Bavaria, along with other stakeholders, including BayernLabo staff, met at the Hollerhof in Münchsmünster, in the district of Pfaffenhofen an der Ilm. The successful takeover of this support and residential centre for people with disabilities and two further facilities in Ingolstadt by EJF Hollerhaus gGmbH was celebrated.

"In the EJF, a suitable organisation has been found that will not only retain all the jobs, but also has a wealth of experience in caring for people with disabilities, and for this reason we are convinced that it will successfully continue the facilities under the Hollerhaus name."

– Insolvency administrator Dr Hubert Ampferl of Dr. Beck & Partner law firm

EJF Hollerhaus gGmbH forms part of the Evangelisches Jugend- und Fürsorgewerk (Protestant Youth and Welfare Organisation), a Christian-based, nationwide social enterprise founded in 1894 with headquarters in Berlin.

Thanks to the cooperation of all parties involved, it was possible to secure the continued existence of the facilities and thereby also the preservation of around 400 jobs after almost two years of intensive reorganisation, and all this despite the insolvency of the original sponsor. As a development bank, BayernLabo played a key role in the successful refurbishment.

The get-together provided a good opportunity for personal exchange with representatives of the new investor, including Dr Andreas Eckhoff, CEO of EJF gAG, and the staff of EJF gGmbH. BayernLabo staff were able to experience the results of the very intensive reorganisation phase, the commitment of the workforce and the spirit of EJF gAG directly on site and celebrate the continued existence of the facility together.

The Hollerhof in Münchsmünster

In the municipality of Münchsmünster in the district of Pfaffenhofen, a real gem has been created in recent years with BayernLabo's financial involvement: the Hollerhof, a further location of EJF Hollerhaus gGmbH in Ingolstadt. A support facility with 49 places and a residential home with 24 units were constructed on the 20,000 square metre site for people with complex disabilities.



Photo left: residential home; photo right: relaxation area; both photos: EJF Hollerhaus gGmbH, Ingolstadt

Animal-assisted education and garden therapy are special offerings made available to clients at Hollerhof in the interests of holistic support. As part of the care and use of the vegetable gardens, raised beds, orchards and garden shed, as well as in dealing with the animals (alpacas, chickens, rabbits), clients assume a little responsibility under expert guidance and at the same time are exposed to valuable and varied sensory experiences.



Photo left: alpacas; photo right: hop garden with bird swing; both photos: EJF Hollerhaus gGmbH, Ingolstadt

In order to come closer to the goal of inclusion and also to facilitate encounters with citizens of Münchsmünster, the Hollerhof was deliberately designed as a publicly accessible facility and, with the "DAS HOLLER" café, also operates its own catering business.

Sustainability in subsidised housing – over EUR 60 million in sustainability grants already approved by the end of 2023

"We stand for a socially just transformation in achieving the EU climate targets – that's why we are a sustainable #homesubsidiser."

— Dr Ulrich Klein, BayernLabo Management Spokesperson

The building sector is responsible for a large proportion of harmful greenhouse gas emissions and overall energy consumption. The Bavarian State Government's goal is to achieve climate neutrality in Bavaria by 2040. This will require far-reaching measures, including in the building sector. In terms of a holistic and future-orientated approach, sustainability aspects, in particular, need to be given greater consideration.

"Sustainability grant" subsidy module

Since April 2022, particularly sustainable measures that extend beyond the requirements already stipulated by law or subsidy law have been subsidised with the "sustainability grant" funding module.

By the end of 2023, over EUR 60 million had already been approved in the sustainability grant. This funding module thereby supported measures from all areas of sustainability. Subsidised measures included the construction of an inclusive playground, several mobility stations, the use of recycled concrete, timber and hybrid construction methods, façade and roof greening, increased rainwater utilisation, heat pumps and photovoltaic systems. Verifiable additional costs compared to conventional projects are always eligible for funding.

The sustainability grant provides as much as EUR 200 per square metre of residential space in support of

- socio-cultural measures,
- holistic resource utilisation,
- renewable raw material utilisation,
- climate adaptation measures, and
- local renewable energy generation.

In contrast to federal funding, the sustainability grant deliberately does not rely on external certification. Such certification generates costs that are not directly conducive to the sustainability of the building and unnecessarily restricts the range of targeted measures. Each certification system is merely an approximation of the related topic, in which evaluation criteria are selected and their weighting is determined. An individual assessment and evaluation by expert authorising bodies is always superior to certification, as an ideal combination of measures can be developed together with planners and building owners in each specific case. Further information about this topic can be found in the handout on sustainability in subsidised housing.



Link to stmb.bayern.de

“Ready for sustainable renewal and expansion” subsidy module

In the "ready for sustainable renewal and expansion" subsidy module, funding is provided for the extension of existing rented residential buildings and the modernisation of existing apartments. With the improvements in the Subsidised Housing Programme 2023 as part of the Bavaria Housebuilding Booster, funding requirements have been reduced to make it easier to use the funding module. The minimum size of extension was reduced from 25 to 20 percent of the existing area or number of residential units. At the same time, the maximum funding amount was increased from EUR 125 to EUR 150 per square metre.

“Local centre grant” subsidy module

With the Subsidised Housing Programme 2023, the local centre grant was introduced as the third sustainability component. The aim is to utilise existing urban structures and make them more concentrated. In this way, existing infrastructures are to be better utilised and the direct and indirect sealing of undeveloped areas by residential construction projects is to be minimised. Projects in fully integrated urban areas receive a supplementary grant of up to EUR 100 per square metre of residential space. This incentivises land conservation and contributes to lively and consequently liveable locations throughout Bavaria.



BayernLabo subsidises socio-ecological transformation for a positive future: a real-utopian take on what Munich's Marienplatz could look like in 2045; photo: www.realutopien.de, Munich's Marienplatz as envisaged in 2045, Reinventing Society & Wire Collective (CC BY-NC-SA 4.0)

Further subsidisation measures for existing housing

In the Bavarian modernisation programme (BayMod), the Free State of Bavaria subsidises measures in existing rented residential buildings, such as age-appropriate or barrier-free conversions or energy efficiency measures.

Increased subsidies for the use of existing buildings in the Municipal Housing Subsidy Program (KommWFP) and in subsidies for owner-occupied housing also provide incentives for the sustainable utilisation of existing buildings in such programmes.

The 17 Global Sustainability Goals of the UN 2030 Agenda and the climate goals of the Paris Agreement, the German and Bavarian sustainability strategies and the goals described in the German Sustainable Finance Strategy (including the EU Taxonomy) are crucial for an overarching general understanding of sustainability.

ning plays an important role in this context. Durable and robust materials and constructions as well as occupant-friendly and low-maintenance technology form an important basis for the economic efficiency of buildings. As a consequence, they are unifying elements for making sustainable, intergenerational construction affordable.

Keeping an eye on a building's overall service life

In an holistic approach, environmentally and climate-compatible construction, energy, resource and cost efficiency as well as the demands posed by demographic trends represent important aspects of sustainability. A building's entire service life is a crucial consideration in this context. This lifecycle comprises the phases of planning, construction, utilisation (including maintenance), modernisation, dismantling, recycling and disposal. Holistic and integral plan-

As an institution of state housing policy and municipal credit bank of the Free State of Bavaria, sustainability and responsible corporate governance for the benefit of the community form key cornerstones of our understanding of sustainability.

Womanpower at BayernLabo – interview with new department head Dr Amparo Hausherr-Bohn

"Amparo has years of project and leadership experience. She has in-depth knowledge of the key facets of digitalisation and change management and is the ideal appointee to the Organisation and Policy Department."

– Wolfgang Meier, former Head of the Organisation and Policy Department

On 1 July 2023 Dr Amparo Hausherr-Bohn, a banker and doctorate holder in biochemistry, took over as Head of the Organisation and Policy Department. Before moving to BayernLabo, she was most recently a member of the team managing the DEAP24 project at BayernLB, where she was responsible for the successful technical rollout and change management, thereby contributing to comprehensive workflow support in credit process management. At the same time, she led the change management team in the KOPERNIKUS project.

Amparo, what led you to apply for the position of Head of Department at BayernLabo?

I was attracted by the diversity reflected in the job advertisement. Over the course of my professional career, I had already gained experience in many of the areas for which we are responsible



Christian Wunderlich, Member of the BayernLabo Management, Dr Amparo Hausherr-Bohn, Head of the Organisation and Policy Department; photo: BayernLabo

within the department. The combination of IT, process and communication topics appealed to me enormously, so I simply had to throw my hat into the ring.

You were previously a team leader at BayernLB. How do you rate BayernLB when it comes to women holding management positions?

In my view, the overall opportunities for women for attaining management positions have improved significantly in recent years. BayernLB has specifically considered women when making appointments to the third management level and enables part-time management and co-leadership, so that the compatibility of a management career and family is now much more accepted for women and men than it was when I became a team leader. I must emphasise that in the course of my personal career, I have often had managers who have encouraged and supported me despite working part-time and having a family.

Amparo, you have been with BayernLabo since 1 July 2023. This means that after around a decade and a half, we once again have a female head of department at the bank. How were your first few months?

Exciting and eventful! I received a very open and warm welcome at BayernLabo. In my experience, this is not a matter of course, and it made it much easier for me to get started. I was also fortunate enough to be able to work with my predecessor Wolfgang Meier for a further quarter of a year, so I got to grips with a lot of the relevant topics. Exciting, because many of the technical topics in my department were new to me, and eventful, because many topics are running in parallel this year.

How would you characterise yourself as a "boss"? How do you think your employees would describe you?

My management style is largely characterised by my agile project work over recent years and my experience as a team leader. In projects, you lead without disciplinary management responsibility, but you still have to deliver results with your team. I support my employees as equals in together finding the best solutions to challenges. For me, the key values in leadership are mutual trust and transparency, communication, openness to new ideas and taking colleagues' views into consideration. In my experience, such an approach works better in flat hierarchies than in hierarchical structures. Commitment and reliability, an innovative approach and the courage to tackle and implement things are important for me personally. So far, my employees have told me that they perceive me as approachable, open and organised.

Amparo, thank you very much for the interview!

At the end of 2023, six out of a total of 17 team leader positions were held by women, which corresponds to a share of 35.3 percent. This shows once again that BayernLabo actively encourages young and up-and-coming managers and talent on a gender-independent basis and supports the career development of female managers and potential high-flyers.

BayernLabo – service portal successfully linked to the portal network of Bavaria

"The connection of the BayernLabo service portal to the Bavarian portal network went live successfully on 27 October 2023. This makes BayernLabo the first regional state development bank in Germany to connect its service portal to the portal network."

– Ulrike Scavone and Matthias Pacholski, supervising project managers

The German Online Access Act (OZG) stipulates that the federal and state governments are to provide user accounts through which users can identify and authenticate themselves in a standardised manner. The Bavarian Digital Act (BayDiG) stipulates the mandatory connection of the BayernID and My Company Account user accounts for all administrative services. BayernLabo's service portal has now been successfully connected to the Bavarian portal network for the two-stage approval process for housing subsidies.

What does the portal network mean for BayernLabo's service portal customers?

- Registration is standardised via the BayernID and My Company Account user accounts. In order to achieve the level of trust required for online applications, either the new ID card or the ELSTER certificate can be used as an electronic ID.
- Logging into the service portal is possible without media discontinuity via the respective user account of the portal network.
- Master data from the BayernID or My Company Account user accounts are transferred to the online application when logging in to the service portal.
- In addition to the digital identity, the user account also includes a mailbox where the funding notification can be stored digitally in addition to the service portal.

"Many thanks to everyone who helped to realise the portal network for BayernLabo and the Free State of Bavaria!"

– Dr Amparo Hausherr-Bohn, Head of the Organisation and Policy Department

From vision to reality: the BayernLabo service portal

The "KISS" customer information and service system project was launched in autumn 2019 with the vision of providing a customer-oriented service portal. The project was successfully completed almost four years later on 30 June 2023.

With the digitalisation of the two-stage approval process for housing subsidies, the Bavarian State Ministry of the Interior, for Building and Transport (StMB) was supported in fulfilling the requirements of the Online Access Act (OZG). An OZG-compliant and Bavaria-wide standardised online application process was created for all citizens in Bavaria and for the approximately 100 regional approvals offices. In this context, BayernLabo ranks as a pioneer among development banks throughout Germany!

Application processing for BayernLabo staff is now workflow-based and paperless with automated data capture. The authorisation notice and contract documents are also forwarded to customers digitally.

The selection of facts and figures illustrates that the service portal has now become an established component in BayernLabo's interaction with customers and partners:

- All of the approximately 100 authorisation offices are integrated in the online application process.
- Half of all new customers log in to the service portal to benefit from the digital offering.
- Around a third of the 85,000 existing customers are already active users.
- Every month, around 350 interest and repayment schedules are created digitally by customers themselves in the service portal – without any staff intervention.
- Since the end of 2020, around 177,000 letters, including around 50,000 account statements and balance notifications, have already been delivered digitally, saving over 500,000 sheets of paper.
- Since the end of 2022, BayernLabo has already received over 140 applications for housing subsidies digitally.



Over the course of the project, the project team conducted around 60 training sessions and system demonstrations; photo: BayernLabo

The results from the implementation project form an important cornerstone for further digitalisation and automation measures within BayernLabo.



1884



1886



1897



1929



1931



1945



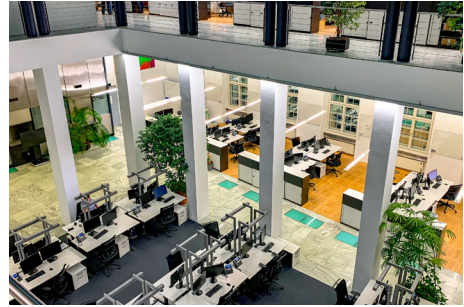
1954



2010

The home of the #HOMESUBSIDISER

In May 2021, BayernLB's Board of Management and Supervisory Board approved a new building strategy. This new strategy reflected changes in conditions such as staffing levels, desk sharing and remote working.



Workplaces before the move

The relocation of BayernLabo to Brienner Straße 16 was also planned as part of the project. The aim was to develop the building into a modern, flexible and representative funding centre.



At Brienner Straße 16 since 2023



Communal areas on the ground floor

The result of various workshops is an attractive meeting, communication and conference centre situated on the ground floor as well as four floors with additional modern and flexible workplaces.



Construction site with a view through the roof

Development measures included the dismantling of 28,000 metres of old cables and the laying of 24,000 metres of new power lines. A new photovoltaic system was also installed on the roof to ensure sustainable power supplies.

After around two years of construction work, the move to BayernLabo's new home was celebrated with the staff in July 2023.



Construction site on the ground floor



Completion after two years of construction work



Main entrance area

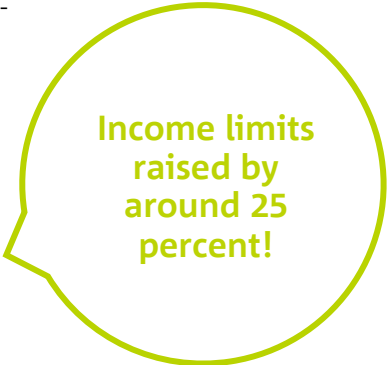
The 213 staff can choose from 160 workstations in eight home zones and two flex zones. The office spaces are perfectly adapted to the challenges of the new world of work. Five hybrid meeting rooms and four communication zones foster collaborative networking in times of home office working and workation.

03 Subsidised housing at a glance

Subsidised housing at a glance

The Free State of Bavaria and BayernLabo support citizens in a variety of ways, because not all people can afford suitable and family-compatible housing on their own. Customised subsidised housing programmes are helping to create socially anchored and affordable housing while also taking ecological aspects into stronger consideration.

Since January 2023, the Bavarian state government has been stepping up its efforts to counter the downward trend in the sector with its Bavaria Housebuilding Booster and Bavarian Construction Stimulus Programme. In order to provide an effective incentive for home ownership and the creation of affordable rental housing given the very difficult market environment, the Free State of Bavaria has improved subsidy options in coordination with BayernLabo. Among other measures, income limits were increased by around 25 percent and the interest rate reduction in the “BayernLoan – Bavarian low interest rate loan programme” and the Bavarian modernisation programme was extended.



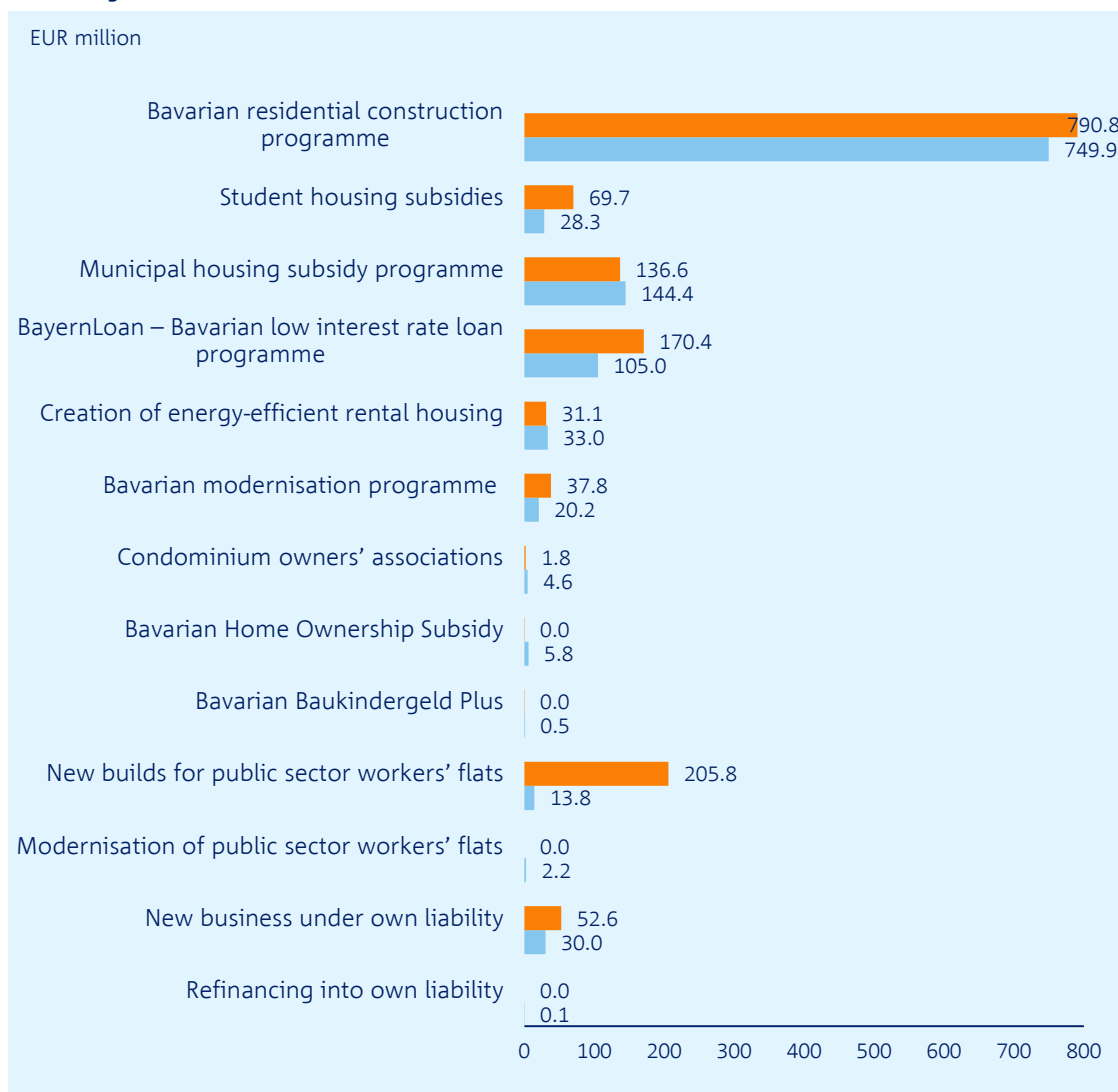
In 2023, BayernLabo approved a total of EUR 1,496.6 million (previous year: EUR 1,137.8 million) in loans and grants for subsidised housing, and subsidised 9,246 residential units (previous year: 8,532). The volume of new contracts was up year-on-year due to the improvements in funding opportunities despite the geopolitically uncertain situation and higher interest rates.

In the Bavarian residential construction programme, the total volume of commitments for rental and owner-occupied housing promotion amounted to EUR 790.8 million (previous year: EUR 749.9 million), of which EUR 560.2 million (previous year:

EUR 541.7 million) related to loans and EUR 230.6 million (previous year: EUR 208.2 million) to investment grants. In the fiduciary business, loans are divided into amortising loans of EUR 502.4 million (previous year: EUR 513.4 million) and non-repayable loans of EUR 27.8 million (previous year: EUR 28.3 million). An amount of EUR 30 million was allocated from the bank's own funds (previous year: none). In total, the Free State of Bavaria and BayernLabo subsidised the construction of 6,413 apartments and housing places, including 2,847 rental apartments, 3,344 owner-occupied apartments and 222 housing places.

Student accommodation is also in short supply. The 915 subsidised housing places provided relief in this context. A total of EUR 69.7 million in non-repayable loans were approved for student accommodation.

Loan and grant commitments



■ 2023 ■ 2022

BayernLabo committed a total of EUR 136.6 million in the Municipal Subsidised Housing Programme and subsidised 555 rental apartments. Of this amount, EUR 58.1 million (previous year: EUR 76.5 million) related to internally funded loans and EUR 78.5 million (previous year: EUR 67.9 million) to investment grants from budget funds.



Newly constructed support facility with 42 places and a residential home for people with disabilities, with 24 units, Regensburg; State Disability Plan
Builder-owner: Würzburg Foundation for the Blind, Würzburg
Planner: Georg.Scheel.Wetzels Architekten, Berlin
Photo: Stefan Müller, Berlin

⁶Under the BayernLoan – Bavarian low interest rate loan programme, loans of EUR 170.4 million were approved. A total of 23.1 percent of the loans or EUR 39.3 million (previous year: EUR 35.3 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 116.5 million (previous year: EUR 59.2 million) was approved. To strengthen the subsidisation of owner-occupied housing, this programme was also granted a special contingent of EUR 41.7 million from our company with a more favourable interest rate. The 10-year fixed-interest option only played a minor role with commitments of EUR 14.5 million (previous year: EUR 10.5 million). In total, loans were committed for 1,378 owner-occupied apartments and houses. This included 1,218 homes in the Bavarian residential construction programme.

In addition to subsidies for rental housing under the Bavarian residential construction programme, BayernLabo subsidised the creation of 309 energy-efficient rental housing units with a volume of EUR 31.1 million in 2023.

In the Bavarian modernisation programme (BayMod), the volume of approvals grew to EUR 37.8 million. Of this amount, EUR 27.6 million (previous year: EUR 15.5 million) related to internally

⁶ Differences from the sum of the individual amounts are due to rounding.

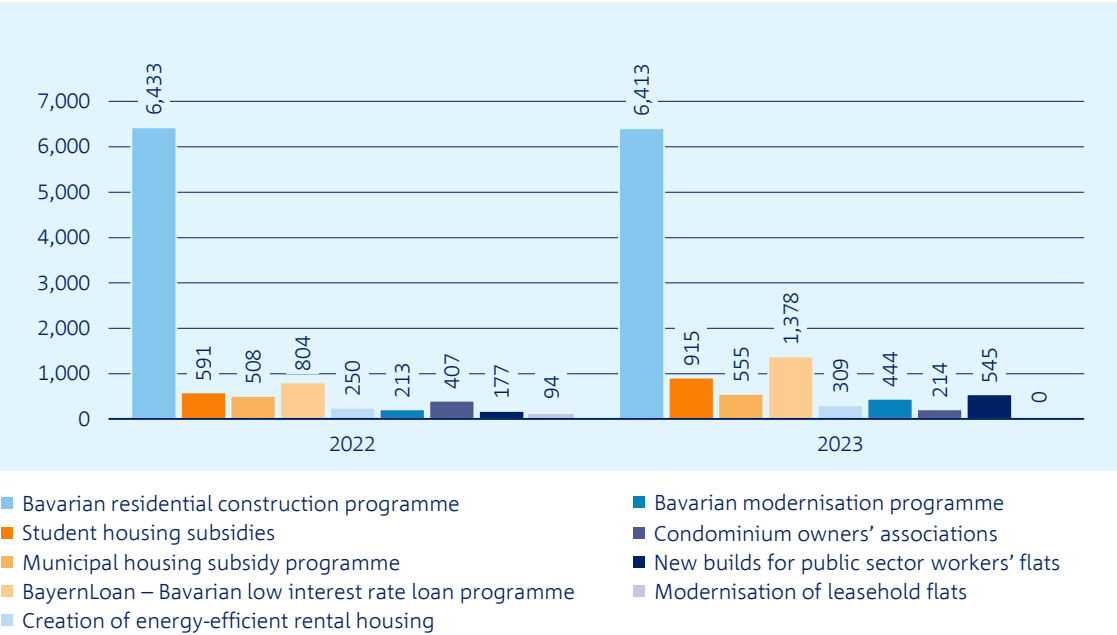
funded BayernLabo loans and EUR 10.2 million (previous year: EUR 4.7 million) to investment grants from government budget funds. The funds supported the modernisation and/or overhauling of 271 rental homes and 173 places in care homes.

The granting of low-interest association loans to owners' associations also promotes the modernisation of existing housing. In 2023, 214 apartments in Bavaria were modernised or renovated to be energy-efficient in a volume of EUR 1.8 million.

The approval amount for the Bavarian Home Ownership Subsidy amounted to EUR 0.02 million and for the Baukindergeld Plus programme to EUR 0.03 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.

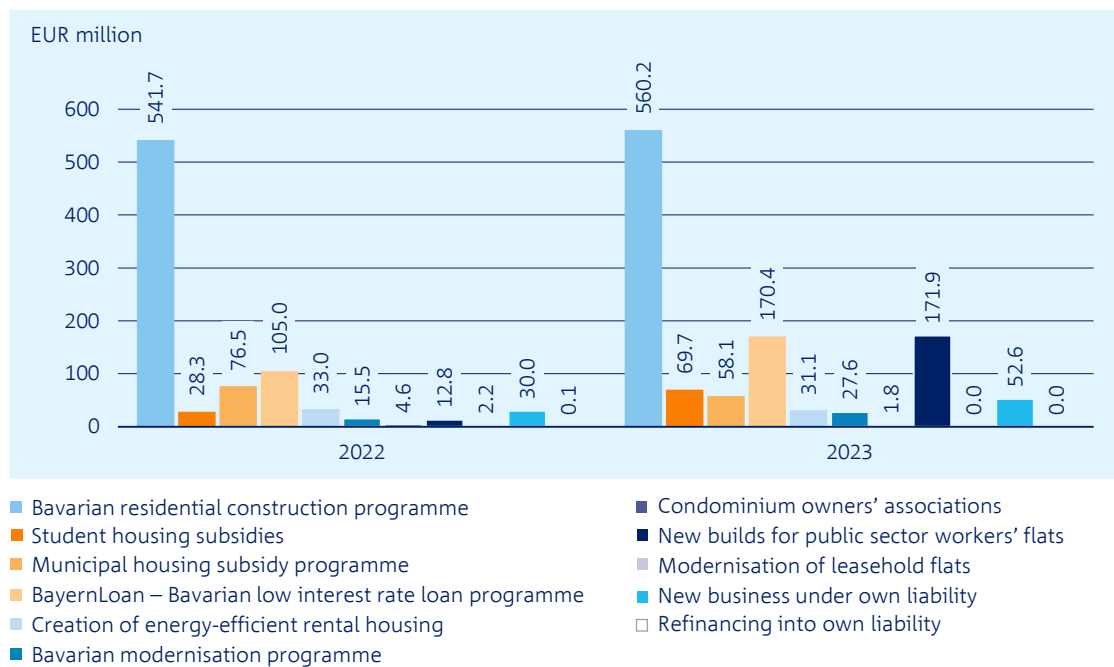
In 2023, a total of 545 apartments were subsidised in an amount of EUR 205.8 million. Of this amount, EUR 171.9 million (previous year: EUR 12.8 million) related to loans for people on low incomes to live in their own home, and EUR 33.9 million (previous year: EUR 1.1 million) to government grants.

Subsidised homes and places in residences (including combined subsidy¹)



¹ Combined subsidy: Owner-occupied homes are subsidised under both the Bavarian residential construction programme and the BayernLoan – Bavarian low interest rate loan programme. In the rental housing sector, apartments are subsidised both under the Bavarian residential construction programme and the loan programme to create energy-efficient rental housing.

Loan commitments



04 Subsidised

rental properties

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 households rent their place of residence. Rental prices have exploded in recent years, especially in cities experiencing net inflows of young people. For some time, 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.

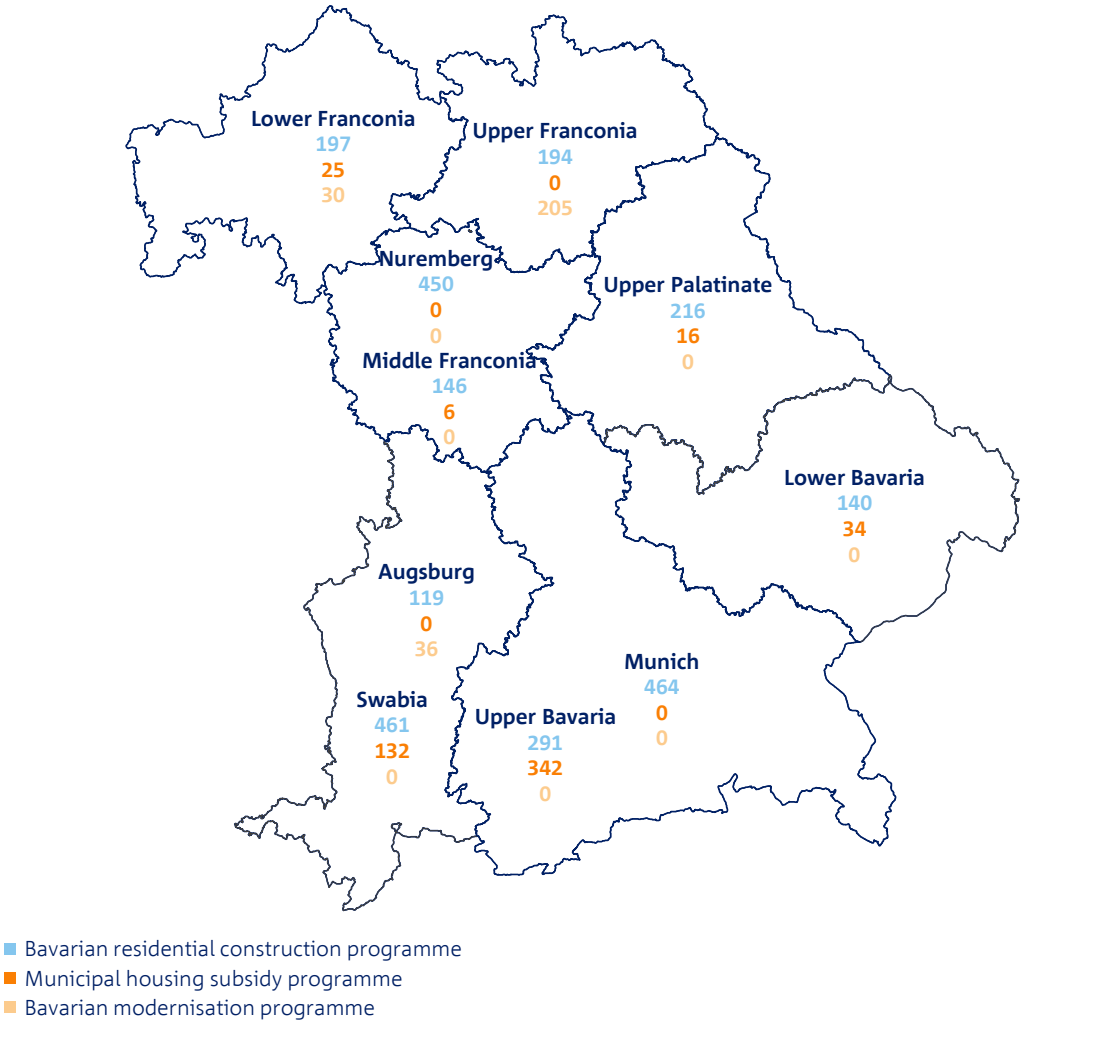
With the Bavaria Housebuilding Booster, the Free State of Bavaria has ensured a significant improvement in conditions for subsidised rental housing, among other things. The doubling of the property-dependent loan from 25 percent to an average of 50 percent of the upper cost limit is a key component for rental housing construction. The loan is staggered according to the interest rate lock-in period. A 55-year lock-in, for example, makes up to EUR 1,800 per square metre of living space available. The general subsidy was increased again in 2023: from EUR 500 to up to EUR 600 per square metre of living space.

Senior housing – new construction of 24 publicly subsidised rental apartments, Garmisch-Partenkirchen
Income-based subsidies
Builder-owner: LongLeif GaPa gemeinnützige GmbH, Garmisch-Partenkirchen
Planner: H2M Architekten, Munich/Kulmbach
Photo: Sebastian Schels, Munich



In 2023, 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 3,504 rental homes were subsidised, which were distributed across the individual regions as follows:

Rental homes (without structural adaptation) subsidised in 2023



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

	2023			2022		
	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	447.3	145.5	2,663	457.2	138.3	2,995
Expenditure-based subsidies (EBS)						
New builds	3.3	0.8	15	7.5	1.5	35
Modifications to buildings and residential space	–	–	–	–	–	–
Municipal housing subsidy programme	58.1	78.5	555	76.5	68.0	508
Bavarian modernisation programme	16.5	6.9	271	13.1	3.9	169
Total	525.2	231.7	3,504	554.3	211.7	3,707

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, the Free State of Bavaria together with BayernLabo offers low-interest loans and supplementary grants for the construction, modification or extension, as well as initial purchase and extension of buildings with sustainable improvements to the housing stock.



The subsidisation of rental apartments consists of a property subsidy for private and public developers, housing companies and building cooperatives, or purchasers as well as an additional subsidy for tenant households. Property subsidies establish 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 additional subsidy provides tenant households with rent relief depending on their household income.

The property subsidy comprises the property-dependent loan, the occupancy-dependent loan and supplementary grants.

As an alternative to the 25- and 40-year rent control and occupancy commitment, a 55-year option was also on offer during the reporting period. This protects tenants and provides planning certainty for builder-owners, as the favourable terms of the subsidy are locked in for 25, 40 or 55 years.

Photo on next page: Regenstauf residential neighbourhood
Income-based subsidies

Builder-owner: Katholisches Wohnungsbau- und Siedlungswerk der Diözese Regensburg GmbH, Regensburg
Planner: Blasch Architekten Regensburg, Regensburg
Photo: Manfred Blasch, Regensburg




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 55-year occupancy commitment amounted to up to EUR 1,800 per square metre of residential area. This loan amount increased by up to 15 percent for wheelchair-compatible homes.

In order to create an incentive to build new social housing, in 2023 the general subsidy per square metre of living space was raised from EUR 500 to up to EUR 600. For extensions to existing buildings in the "Well on the way – sustainable renewal and extension" funding module, a supplementary grant was awarded of EUR 150 per square metre.

The sustainability subsidy was introduced in 2022 to promote particularly sustainable measures. This subsidy amounts to up to EUR 200 per square metre of residential space. For the construction of rental apartments in town centres, a town centre subsidy of a further EUR 100 per square metre of living space was granted in 2023.



General subsidy increased to EUR 600 per square metre!

Occupancy-based subsidies

The occupancy-based loan carried interest of 2.75 percent in the year under review. This loan makes a pro rata contribution to covering the supplementary subsidy, which is to be provided for tenants depending on their household income. The amount of such loans 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 supplementary subsidy is approved and disbursed by district offices or independent cities.

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



New with IBS/EBS: town centre subsidy of up to EUR 100 per square metre

In addition to the income-based subsidy (IBS), an additional expenditure-based subsidy (EBS) is available.

The amount of the subsidy is linked to the net result from the statement of income and expenditures. 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, particular in structurally weak regions. An interest rate of 0.50 percent is charged on the subsidised loan. A general subsidy of up to EUR 600, a sustainability subsidy of up to EUR 200, the "Well on the



way – sustainable renewal and extension" subsidy of up to EUR 150 per square metre and a local centre subsidy of up to EUR 100 per square metre of living space were also granted in the expenditure-based subsidy scheme. The occupancy commitment was 25, 40 or 55 years. In addition, a loan waiver of 0.5 percent is granted for each full calendar year in which the entire subsidised living space is used as intended after the commitments have expired.

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

EUR million	2023	2022
Income-based subsidies (IBS)		
Property-based loans	239.1	200.1
Occupancy-related loans	208.2	257.1
Expenditure-based subsidies (EBS)		
Building loans	3.3	7.5
Total loans	450.6	464.7
Number of subsidised homes – total	2,678	3,030

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

	2023	2022
Loans in EUR million	31.1	33.0
Number of subsidised homes – total (already included in IBS/EBS)	309	250

Photo on next page:
 "Großer Berg" municipal housing development, Olching
 Municipal housing subsidy programme
 Builder-owner: city of Olching
 Planner: Hirner & Riehl Architekten, Munich
 Photo: Sebastian Schels, Munich



The municipal housing subsidy programme – KommWFP

With the Municipal Subsidised Housing Programme (KommWFP), the Free State of Bavaria, in cooperation with BayernLabo, supports municipalities in planning and building housing in their own right. The programme enables such municipalities to create affordable housing for low-income households by building new homes and converting, modernising and purchasing newly built properties. The Municipal Subsidised Housing Programme gives cities, markets, municipalities and districts a great degree of freedom.

In addition to the state grant of up to 40 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. In 2023, a 40 percent subsidy for the renovation/conversion of existing buildings was introduced in addition to the standard subsidy of 30 percent for new buildings/first-time buyers as part of the Housebuilding Booster.

From the 2024 approval year, these grants will be supplemented by a further 5 percent bonus if at least 60 percent of the subsidised residential units are intended for professionals in the public service sector or for the recruitment of such professionals.



**Interest rates
with up to 30-
year terms
and on a fixed
basis!**

The low-interest loan is granted by BayernLabo with a fixed interest rate over a period of 10, 20 or 30 years, and full repayment within the selected fixed interest rate period with one redemption-free year. Alternatively, two further more liquidity-friendly options are offered with 10 or 20 years of fixed interest rate periods and 30-year terms.

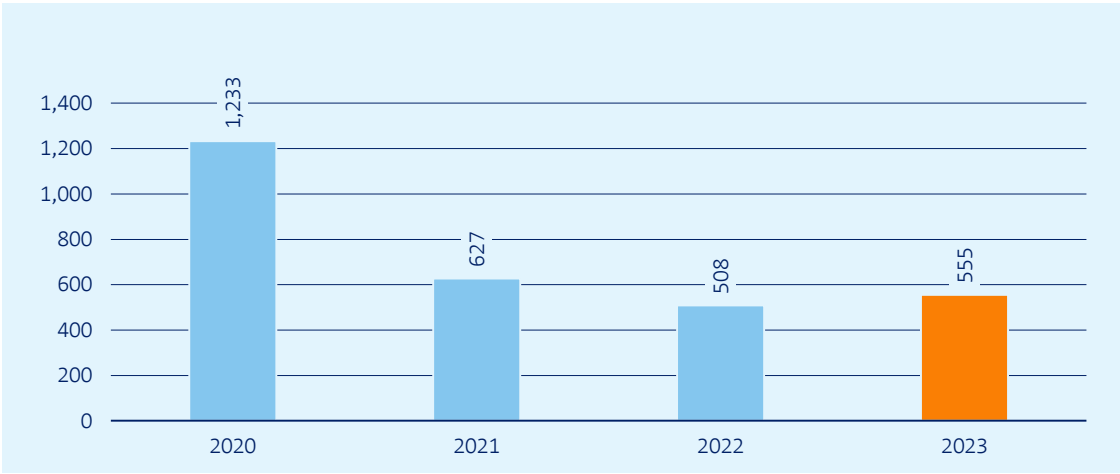
Since January 2024, the interest rate reduction has also been significantly increased again in all variants.

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

In 2023, the volume of loans taken out decreased year-on-year to EUR 58.1 million (previous year: EUR 76.5 million). Grant volumes were higher at EUR 78.5 million (previous year: EUR 67.9 million). Funding was provided for 45 applications (previous year: 50) or 555 rental apartments (previous year: 508).

Since the Municipal Subsidised Housing Programme was set up in 2016 it has subsidised 6,623 residential units. The programme, which originally ran until 31 December 2019, was initially extended until 31 December 2025 and is to continue until at least 2030.

KommWFP – subsidised homes



Bavarian modernisation programme

A key issue for the housing industry is the implementation of 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. With the Bavaria Housebuilding Booster, the Bavarian state government in cooperation with BayernLabo has strengthened investment incentives by improving the subsidisation of housing



construction. The interest rate was significantly reduced and the general subsidy was raised from EUR 200 to EUR 300 per square metre of living space. For particularly sustainable projects, the sustainability grant amounts to up to EUR 200 per square metre of living space (such grants amount to a maximum of 25 percent of the total funding level).



To promote the modernisation of rental housing and places in authorised residential care homes, BayernLabo grants loans for up to 100 percent of the costs eligible for subsidisation financed from its own funds and with the support of the KfW. The current interest rate can be found at bayernlabo.de.

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-, 15- 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, 15 or 20 years, the interest rate is adjusted in line with the capital market. After two free years, the annual amortisation amounts to at least 1.5 percent plus interest saved.

State-subsidised business under the Bavarian modernisation programme

	2023		2022	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
Bavarian modernisation programme	16.5	271	13.1	169

In the Bavarian modernisation programme in 2023, 173 (previous year: 44) residential care homes were subsidised with loans of EUR 11.2 million (previous year: EUR 2.4 million) and grants of EUR 3.3 million (previous year: EUR 0.8 million).

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

BayernLabo also introduced a new 15-year fixed interest rate in the Bavarian modernisation programme in 2023. In this new part of the programme, a total of EUR 2.7 million of loans were granted.

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 meet certain income limits (see page 116) in the construction of a new home or the purchase of an owner-occupied home under the Bavarian residential construction programme and the BayernLoan – 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 BayernLoan – 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.

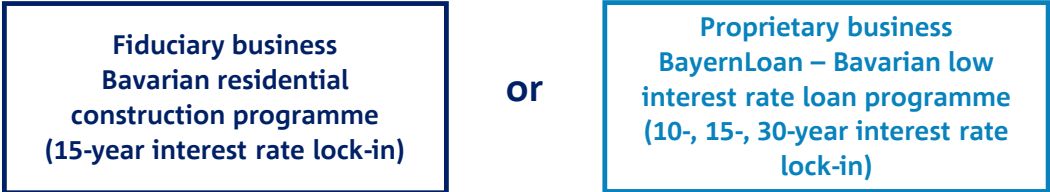
With the Bavaria Housebuilding Booster, which the Bavarian state government approved in January 2023, the existing subsidy programmes were significantly improved and families were given even better support when building or buying their own home. Its key elements comprise the increase in income limits by around 25 percent, the increase in subsidies in the Bavarian residential construction programme and a further interest rate reduction by the Free State of Bavaria in the BayernLoan – Bavarian low interest rate loan programme.

The BayernLoan – Bavarian low interest rate loan programme was offered with 10-, 15- and 30-year fixed interest rate periods. Current interest rate information can be found at bayernlabo.de.



Subsidy combinations for own homes

Individual subsidy



Combined subsidy





Regenstauf residential neighbourhood

Income-based subsidies

Builder-owner: Katholisches Wohnungsbau- und Siedlungswerk der Diözese Regensburg GmbH, Regensburg

Planner: Blasch Architekten Regensburg, Regensburg

Photo: Manfred Blasch, Regensburg

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

Number of homes	2023	2022
Bavarian residential construction programme		
New builds	288	302
Purchases	1,094	555
BayernLoan – Bavarian low interest rate loan programme		
New builds – combined subsidy	249	247
Purchases – combined subsidy	969	448
New builds – individual subsidy	50	78
Purchases – individual subsidy	110	31

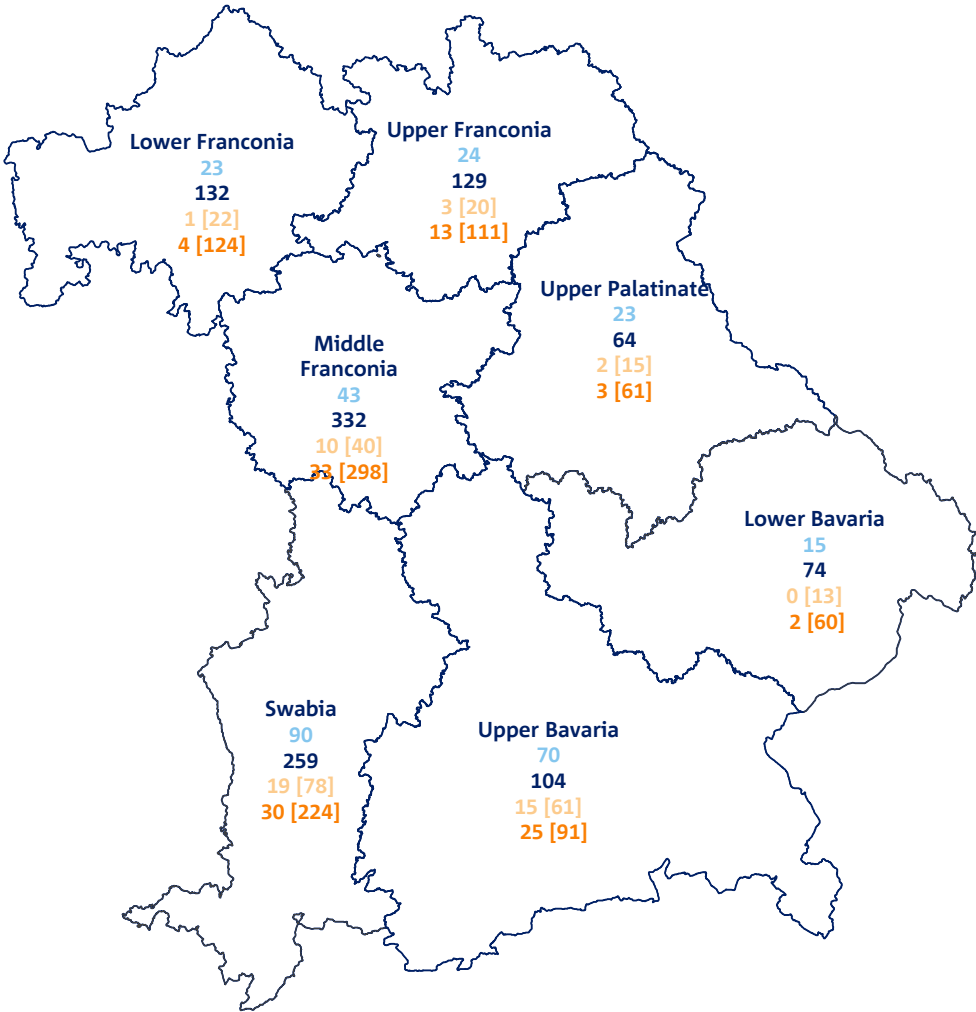
State-subsidised business does not include any structural adaptations to meet the needs of people with disabilities. These are listed separately in section 07.

In 2023, loans of EUR 251.5 million (previous year: EUR 153.6 million) were granted via BayernLabo for building and buying own homes, which enabled 1,542 owner-occupied homes (previous year: 966 owner-occupied homes) to be subsidised in the Free State of Bavaria. Of these, subsidies solely from proprietary business accounted for 160 measures and solely fiduciary

subsidies for 164. The remaining 1,218 residential units were subsidised in both fiduciary and proprietary business.

The map below shows the regional distribution of the homes subsidised in 2023 – showing separately the Bavarian residential construction programme and the BayernLoan – Bavarian low interest rate loan programme – subdivided by new builds and purchases of owner-occupied property:

Regional breakdown of subsidised owner-occupied homes



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

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 subsidy recipients 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 receive a child grant in addition to the loan. This was increased from EUR 5,000 to EUR 7,500 per child in 2023 as part of the Free State of Bavaria's Housebuilding Booster Programme. This grant also applies if the birth of one or more children is expected due to an existing pregnancy at the time of application. In 2023, approximately EUR 20.3 million of grants for children were approved.



Furthermore, the purchase of existing family homes and owner-occupied flats is subsidised with an additional grant. This amounted to 10 percent of the eligible costs. The Housebuilding Booster also improved related conditions, with the subsidy being increased from a maximum of EUR 30,000 to a maximum of EUR 50,000. 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.

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

	2023		2022	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
New builds	19.3	288	19.0	302
Purchases	61.8	1,094	29.6	555
Total	81.1	1,382	48.6	857

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



Residential building with 54 residential units, Augsburg-Haunstetten
Income-based subsidies
Builder-owner: IGEWO GmbH & Co. Wohnungsunternehmen KG, Munich
Planner: Götze Hadlich + Popp Streib Architekten, Munich
Photo: Götze Hadlich + Popp Streib Architekten, Munich

BayernLoan – Bavarian low interest rate loan programme for home ownership subsidisation

In 2023, the Bavarian state government further developed the original Bavarian low interest rate loan programme into the “BayernLoan – Bavarian low interest rate loan programme”, and additionally reduced interest rates by up to 3 percent.

Under the BayernLoan – Bavarian low interest rate loan programme, BayernLabo, with the support of the KfW, subsidised the new construction and purchase of owner-occupied homes in the form of 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 BayernLoan – Bavarian low interest rate loan programme were secured subordinately, 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 BayernLoan – Bavarian low interest rate loan programme, loan variants with a 10-, 15- and 30-year (fully amortising) interest rate lock-in were offered in 2023. The fully amortising variant allows the applicant to plan with optimum certainty, as they are protected from future changes in interest rates.

The BayernLoan – 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).

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

	2023		2022	
	Loan commitments EUR million	Number of homes	Loan commitments EUR million	Number of homes
BayernLoan – Bavarian low interest rate loan programme				
Combined subsidy	114.5	1,218	85.2	695
Individual subsidy	25.8	160	19.9	109
Total	140.3	1,378	105.1	804

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 87,981 total cases approved up until 31 December 2023 (including 56,684 EHZ and 31,297 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

	2023		2022	
	Commitments EUR	Number of notices	Commitments EUR million	Number of notices
Bavarian Home Ownership Subsidy	30,000.0	3	5.8	578
Bavarian Baukindergeld Plus	15,000.0	3	0.5	101

Multi-generational living in Penzberg

Income-based subsidies

Builder-owner: Maro Genossenschaft eG, Ohlstadt

Planner: Brems Manfred and Asanger-Strobl Petra, Peiting

Photo: Tanja Schmid, MARO Genossenschaft, Munich



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 guidelines, since 1 August 2022, structural measures that are eligible for subsidies under the guidelines for federal subsidies for 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.

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

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).

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 2023, loans of EUR 1.8 million (previous year: EUR 4.6 million) were refinanced.

State-subsidised business with condominium owners' associations

EUR million	2023	2022
Bavarian modernisation programme for properties of condominium owners' associations		
BEG loans (energy-efficient renovation)	0.6	–
Modernising living	1.2	4.6
Total loans	1.8	4.6
Number of subsidised owners – total	276	438

Photo on next page:
 Senior housing – new construction of 24 publicly subsidised rental apartments, Garmisch-Partenkirchen
 Income-based subsidies
 Builder-owner: LongLeif GaPa gemeinnützige GmbH, Garmisch-Partenkirchen
 Planner: H2M Architekten, Munich/Kulmbach
 Photo: Sebastian Schels, 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. The Free State of Bavaria and BayernLabo support 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.

The Free State of Bavaria and BayernLabo jointly subsidise 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 2023 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 to
stmb.bayern.de

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

	2023		2022	
	EUR million	Number of places in residences	EUR million	Number of places in residences
Loans in the disability plan for new builds	10.0	81 ¹	9.3	163 ¹
Total loans	10.0		9.3	
Grants – combined subsidy	4.2	–	16.8	–
Grants – individual subsidy	16.8	141	27.1	194
Total grants	21.0		43.9	
Total	31.0	222	53.2	357

¹ A total of 73.0 percent of the financing was provided from public funds (31.0 percent loans, 42.0 percent grants). 19.0 percent derived from the owner's own funds. Other subsidies (Aktion Mensch, ARD TV lottery "Ein Platz an der Sonne" (A Place in the Sun), etc.) provided 8.0 percent.

In addition to the subsidised loans and grants from the Bavarian residential construction programme, facilities for individuals with disabilities received further loans totalling EUR 5.1 million (previous year: loans of EUR 0.0 million and grants of EUR 8.5 million) from other public budgets for the subsidised housing places.

This additional subsidy amounted to an average of EUR 62,399 per residential place (previous year: EUR 52,084 per residential place).



Hollerhof Münchsmünster

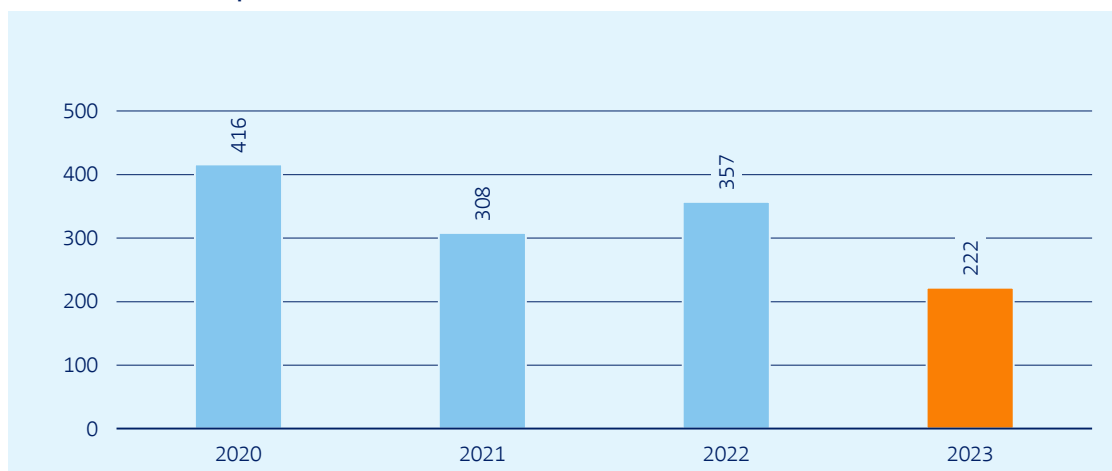
State Disability Plan

Builder-owner: Verein für Körper- und Mehrfachbehinderte e. V. "Hollerhaus", Ingolstadt

Planner: eap Architekten und Stadtplaner PartGmbH, Munich

Photo: EJV Hollerhaus gGmbH, Ingolstadt


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 wheelchair ramp, 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 18.5 million of non-repayable building loans (previous year: EUR 19.0 million). As a consequence, a total of 169 rental apartments (previous year: 156 rental apartments) and 1,962 owner-occupied apartments (previous year: 2,033 owner-occupied apartments), or a total of 2,131 apartments (previous year: 2,189 apartments), were adapted to the needs of people with disabilities.



**2,131
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 or 40 years.

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

The Bavarian State Minister of the Interior, for Building and Transport is responsible for related approvals.

In 2023, non-repayable building loans of EUR 69.7 million (previous year: EUR 28.3 million) from the Free State of Bavaria were approved as student housing subsidies. These funds subsidised the construction and conversion of 915 places in halls of residence (previous year: 591 places) for students.

915 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 2023, 545 (previous year: 177) rental homes were subsidised with loans of EUR 171.9 million (previous year: EUR 12.8 million) and grants of EUR 33.9 million (previous year: EUR 1.1 million).



Link to stmb.bayern.de

Photo on next page: Deggendorf student residence
Promotion of student accommodation
Builder-owner: Studentenwerk Niederbayern/Oberpfalz
Planner: karlundp Gesellschaft von Architekten mbH, Munich
Photo: Connolly Weber Photography GbR, 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.

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 30.0 million), commitments under BayernLabo's own liability decreased to EUR 52.6 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.

Maintaining holdings

Due to the low level of interest rates, BayernLabo's business partners have repeatedly asked for forward conditions in the past. For this reason, in response to customer requests, BayernLabo 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, in 2023 early extensions were implemented in relation to around EUR 0.6 million (previous year: EUR 0.7 million) in home ownership subsidies and EUR 17.6 million (previous year: EUR 36.7 million) in subsidies for rental housing were implemented.

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

In income- and expenditure-based subsidies, rental price and occupancy commitments expiring within five years can – upon application – be extended by a further 15 years. The loan conditions of the occupancy-based loan are then reduced to the interest rate that is then valid for new approvals, while the conditions of the property-based loan continue to apply. In 2023, this enabled 356 residential units (previous year: 226) with a loan volume of EUR 23.3 (EUR 14.5 million) to be retained as social housing.

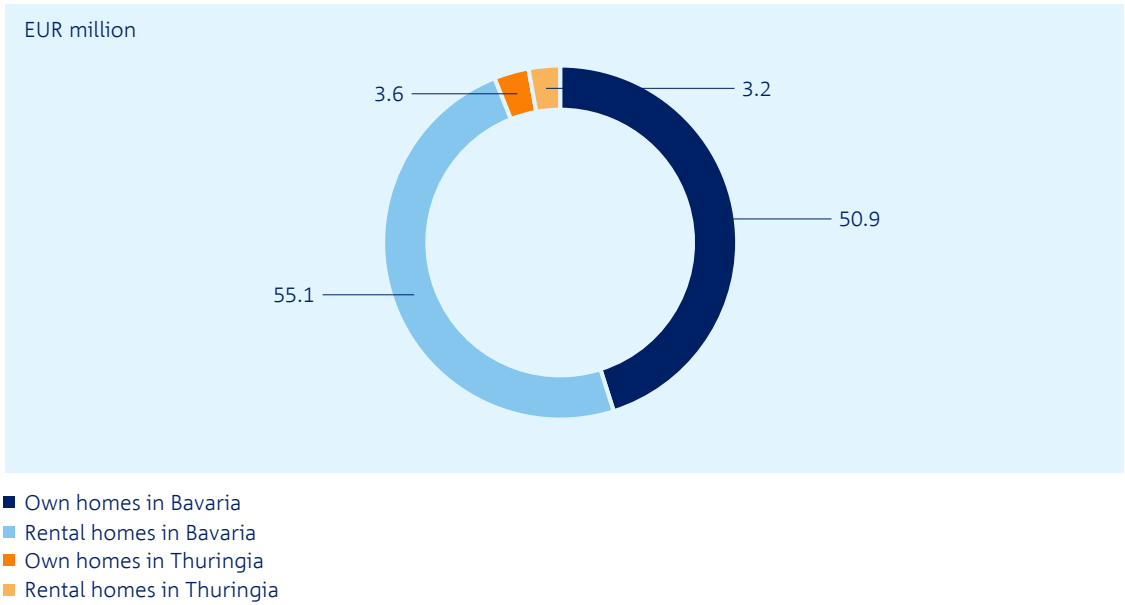
Adjustments to terms and conditions

After expiration of the occupancy commitment or expiration of the fixed-interest period, BayernLabo submits an offer to the borrowers with new conditions for various fixed-interest periods.

By offering attractive conditions at the end of the respective fixed interest lock-in periods, the retention rate of loans due for interest rate adjustment in the Bavarian business was increased to 63.4 percent (previous year: 47.2 percent). This corresponds to a residual loan of EUR 112.7 million (previous year: EUR 131.9 million). In the business in Thuringia, this amounted to 78.5 percent (previous year: 67.7 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 33.3 million (previous year: EUR 36.8 million), EUR 24.2 million (previous year: EUR 29.0 million) of which was retained. This represents a retention rate of 72.7 percent (previous year: 78.9 percent).

09 State and municipal lending

State and municipal lending

With a 34.4 percent share 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, 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 within 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 Bavarian municipalities.

New kindergarten in Vierkirchen
Investkredit Kommunal Bayern
Builder-owner: municipality of Vierkirchen
Planner: Architekturbüro Obereisenbuchner, Pfaffenhofen a. d. Ilm
Photo: BayernLabo



Municipal lending business

BayernLabo helps Bavarian local authorities, public-sector special purpose associations and school associations (hereinafter: Bavarian municipalities) to finance investment in 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.

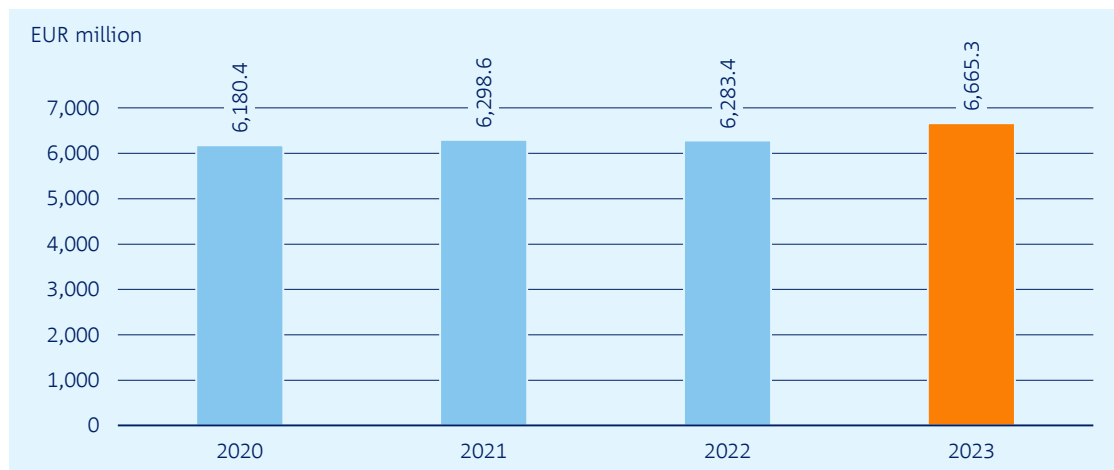
Attractive conditions thanks to the AAA/Aaa rating!

The guarantee by the Free State of Bavaria enables BayernLabo to access cheap funding on the capital market as a development bank with an AAA/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 residual loans of approximately EUR 6.7 billion and a market share of around one third, BayernLabo remains the market leader in Bavaria in this segment.

The volume of new loans in the municipal lending business totalled EUR 1,073.3 million in 2023 (previous year: EUR 644.2 million).

BayernLabo municipal loan portfolio



Not including the municipal housing subsidy programme (KommWFP).

Traditional municipal loans

BayernLabo offers Bavarian municipalities a wide range of financing options for investment financing. Within the core budget or the budget for municipal enterprises, individual solutions can be selected as required:

- Loans with fixed interest rate periods for up to 30 years and flexible amortisation structures
- Forward loans (to secure the current conditions for existing loans whose interest rate lock-in period is coming to an end in the foreseeable future)

Agreements concluded with the Bavarian municipalities in the traditional lending business amounted to EUR 978.9 million in 2023, up considerably compared with the previous year (EUR 567.3 million), with this growth being especially attributable to individual, very large-volume agreements.



New building yard, pellet heating, municipality of Witzmannsberg
Investkredit Kommunal Bayern (Bavarian municipal investment loan)
Builder-owner: building administration of the municipality of Witzmannsberg
Planner: municipality of Witzmannsberg
Photo: municipality of Witzmannsberg



Investkredit Kommunal Bayern (Bavarian municipal investment loan)

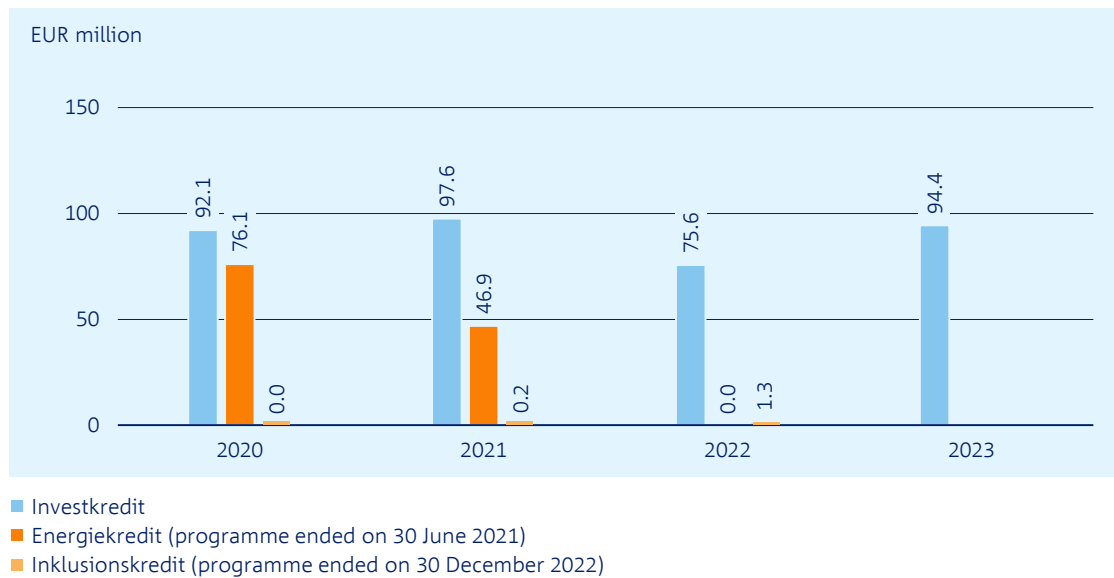
With the Bavarian municipal investment loan, BayernLabo has created the opportunity for Bavarian municipalities to finance investment measures in general municipal and social infrastructure at particularly favourable conditions. BayernLabo reduces the interest rates of the "KfW Investment Loan for Municipalities", which are already subsidised at federal level, for five years for a loan term of five years, and for the first ten years of the loan term for all other terms.



Investments in kindergartens, schools, town halls, town and village planning, as well as disaster prevention measures are subsidised. 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 commitment volume in terms of Bavarian municipal investment loans amounted to EUR 94.4 million (previous year: EUR 75.6 million) and thereby largely exhausted the allocated quota.

Commitments in subsidised municipal lending



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

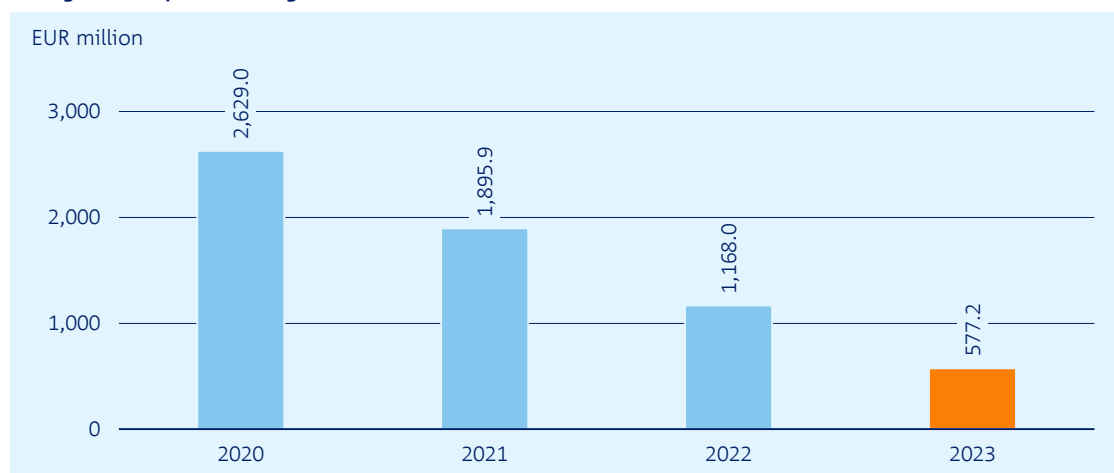
As part of financing advisory services, credit portfolios are analysed and structured with regard to how they could be optimised using BayernLabo products:

- 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 577.2 million. Of this total, EUR 510 million related to Schuldschein note loans with the Free State of Bavaria.

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



10 Financial report

Financial report

Business structure

Business model

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

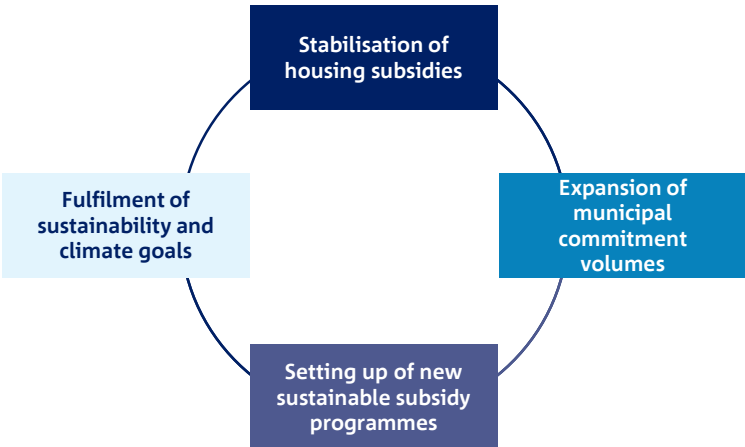
As the municipal bank of the Free State of Bavaria, BayernLabo helps Bavarian local authorities and public-sector special purpose and school associations to finance investment in municipal and social infrastructure. To this end it offers traditional municipal loans and subsidised municipal loans, which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

Strategic objectives





Am Terrassenpark multi-storey apartment block, Würzburg
Income-based subsidies
Builder-owner: Ruth, Sabine und Daniela Reinfurt GbR, Würzburg
Planner: Grübel Architekten, Neu-Isenburg
Photo: Government of Lower Franconia, Würzburg

Stabilisation of subsidised housing in Bavaria

In addition to the Bavarian residential construction programme, housing is subsidised particularly through the continuous provision of BayernLabo's own funds as well as the Free State of Bavaria's own funds programmes: the "Bavarian low interest rate loan programme" (until 19 April 2023), the "BayernLoan – low interest rate loan programme" (from 20 April 2023) and the "Bavarian modernisation programme". 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.

Setting up of new sustainable subsidy programmes

BayernLabo, in close cooperation with the state housing subsidy programme, continuously strives to set up funding programmes that take sustainability criteria into consideration (especially ecological aspects), and in compliance with the “Verständigung II”⁷. This entails the need for the Free State of Bavaria to transfer new funding tasks to BayernLabo as part of the statutory catalogue of tasks (while maintaining the risk situation, in other words, 100 percent state-guaranteed).

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 Regional Identity (StMFH) and the Bavarian State Ministry of the Interior, for Building and Transport (StMB), BayernLabo will take even greater account of these aspects in existing and, in particular, new funding programmes in order to contribute to achieving the climate targets of the Paris Agreement and of the Free State of Bavaria.

BayernLabo is continuously working on sustainable data management as part of the implementation of further appropriate measures. BayernLabo's credit system is being successively expanded to record energy data in the building sector. This forms the basis for the regulatory data delivery to BayernLB as part of Group reporting in accordance with the Capital Requirements Regulation (CRR) and the EU Taxonomy. BayernLabo hopes that the qualitative and quantitative improvement in data management will also lead to refinancing advantages for capital market issues, which can be passed on to end customers. For 2024, the minimum requirement of an existing energy certificate or the data it contains is to be advanced in close coordination with the Bavarian State Ministry of the Interior, for Building and Transport (StMB).

Assessment of sustainability opportunities and risks

BayernLabo utilises the ESG Impact module of the ESG assessment at programme level, based on BayernLB's approach to evaluating sustainability opportunities. This ties both environmental sustainability and social equity through the creation of affordable housing for low to moderate-income households to public services of general interest. BayernLabo applies the criteria used for categorisation into ESG Neutral, ESG Basic and ESG Plus by analogy with the values defined by BayernLB.

Due to BayernLabo's mandate to promote social housing construction and its municipal lending business, the proportion of sustainable financing with ESG Basic amounts to almost 100 percent.

⁷ In the “Verständigung II” of 1 March 2002, the European Commission and the German federal government established special regulations for development banks with competition-neutral structural and development business.

The further development of impact reporting, taking into consideration the impact management established by KfW as the German federal government’s development bank, is also being advanced. This serves to build trust as well as to provide basic information about the importance of social housing and sustainable municipal financing for society.

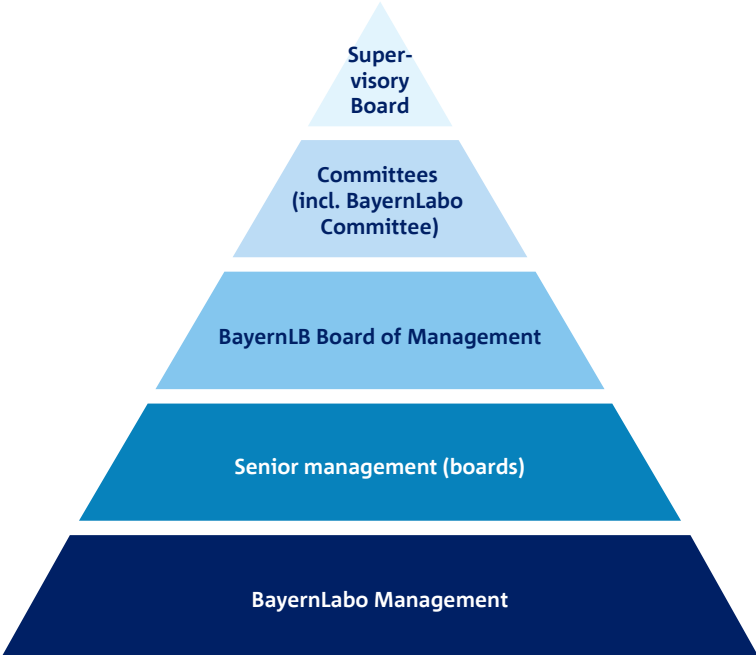
For the appropriate and risk-adjusted representation of ESG risks arising from BayernLabo's lending business, an assessment process using the ESG Risk module of the ESG assessment was established for the exposures categorised as risk-relevant, based on the procedure established at BayernLB.

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.

BayernLabo's risk controlling ensures that the limits for individual risk types are monitored and implements BayernLB's requirements at 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

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

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

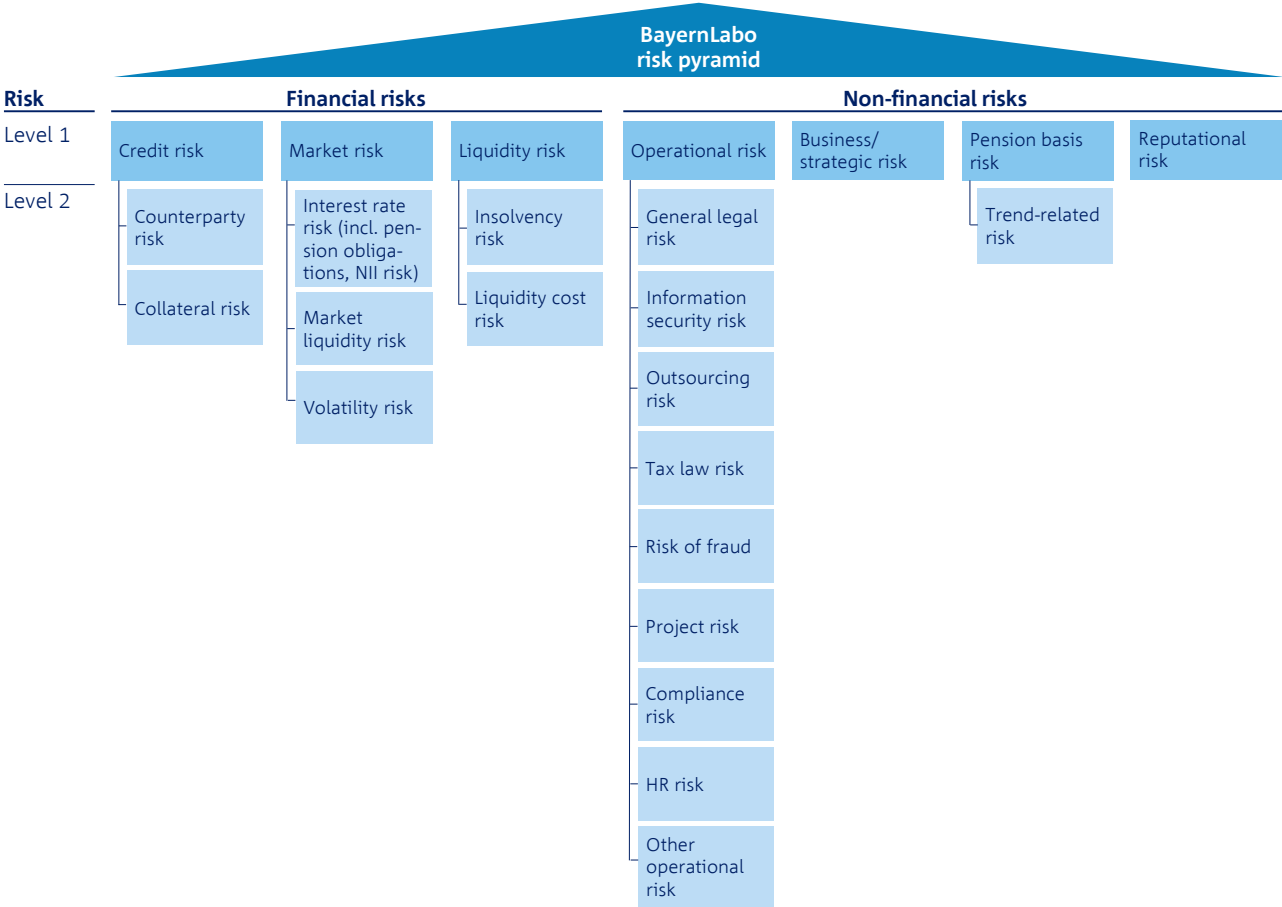
Photo on next page:
"Großer Berg" municipal housing development, Olching
Municipal housing subsidy programme
Builder-owner: city of Olching
Planner: Hirner & Riehl Architekten, Munich
Photo: Sebastian Schels, Munich



Risks of BayernLabo

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

Risk fields



BayernLabo continuously evaluates ongoing major geopolitical uncertainties for the economy and capital markets as part of its management and monitoring activities. However, BayernLabo believes it is well equipped thanks to the state guarantee as well as its solid capitalisation 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 loans under its own liability with a total volume of EUR 333.4 million (including open commitments of EUR 13.4 million), in other words, a share of 1.6 percent of BayernLabo's entire credit business. Loans under own liability are only given to business partners where BayernLabo is confident of their credit rating as a result of loans already granted under a subsidy programme.

No direct write-down was required in the 2023 financial year. No provisions for losses were 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 and 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). Market price risks also arise from the securities portfolio. In addition to bonds issued by the Federal Republic of Germany, German federal states and their development institutions, the spectrum also includes Pfandbriefe (mortgage bonds) issued by German banks as well as bonds issued by the European Union and its supranational institutions.

BayernLB has accumulated cover assets (contractual trust arrangement) to secure its pension, benefit, and death benefit obligations. The cover assets were transferred from BayernLB Treuhand e. V. to Allianz Treuhand GmbH in the third quarter of 2023. BayernLabo reduced market price risks from such obligations. Since then, the risks have been monitored by BayernLB within a separate reporting unit. Risks are no longer allocated to BayernLabo.

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).



Senior living – new construction of 24 publicly subsidised rental apartments,
Garmisch-Partenkirchen
Income-based subsidies
Builder-owner: LongLeif GaPa gemeinnützige GmbH, Garmisch-Partenkirchen
Planner: H2M Architekten, Munich/Kulmbach
Photo: Sebastian Schels, Munich

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, benefits and death benefits) is calculated and limited separately by BayernLB and only addresses the effects of unexpected changes in trend factors (such as agreed pay scale trend, costs of medical care). 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.

Course of business

BayernLabo's reporting year was characterised by uncertainties regarding the difficult macroeconomic and geopolitical conditions as well as the allocation of federal subsidies. However, these factors were offset by a positive, higher interest rate environment and very high subsidy commitments in owner-occupied housing, rented housing and, in particular, in the municipal lending business.

Macroeconomic and sector-specific environment

Even though the fighting on the front line in Ukraine appeared to have become increasingly static, the reverberations from Russia's war of aggression had a significant impact on the economy in 2023. In Europe in particular, the energy supply freeze between Russia and the EU, enforced by mutual sanctions, led to a restructuring of the energy supply, which drove up prices. The loss of Russian supplies of gas, coal and crude oil was compensated by reduced consumption, expensive LNG imports and a stepping up of trade with other partners such as Norway and Algeria. A gas shortage was averted in Europe at the beginning of the year thanks to the mild weather, and energy prices fell again over the course of the year. The surge in inflation had thereby already long since peaked, although, along with a steep rise in base rates, remained a significant drag on the economy. Meanwhile, global supply chain issues, which had caused so many problems in the previous year, were gradually resolved.

Germany slipped into recession in 2023 with a year-on-year contraction of real gross domestic product of 0.43 percent.⁸ Neither industry nor the construction sector utilised big order backlogs to expand production, as had been hoped, although supply chain problems increasingly faded into the background. The already high capacity utilisation and shortage of skilled workers played a major role in this context. Nevertheless, this ensured substantial investment activity on the part of companies. Overall, however, macroeconomic demand remained weak. New order volumes in industry plunged in the spring as weak demand from key European sales markets, the US, and particularly China, dampened exports. High inflation became increasingly a drag on the retail trade. The reluctance of private households to spend extended across numerous sectors and also affected car sales, which were hit by the reduction in state subsidies. Furthermore, government spending decreased once coronavirus measures were withdrawn or expired. The fiscal austerity measures approved soon after the Federal Constitutional Court's veto on the reallocation of coronavirus relief funds caused additional uncertainty among companies and consumers at the end of the year.

In 2023, inflation averaged 5.4 percent⁹ in the Eurozone (HICP) and 5.9 percent¹⁰ in Germany (CPI), falling by more than had been expected at the start of the year, although still well above the ECB's target level of 2.0 percent. Alongside food, core inflation increasingly became the driver of inflation, while energy prices normalised again after the shock of the previous year and even exerted a dampening effect in the second half of 2023. By the end of the year, monthly inflation had already fallen to 2.9 percent (CPI)¹¹ in Germany. Prices for upstream stages of production and trade also decreased, indicating a further reduction in inflationary pressure.

The labour market proved to be relatively robust despite the recession, although the unemployment rate rose slightly to a (seasonally adjusted) 5.9 percent by the year-end.¹² Nevertheless, wage growth remained significantly higher and continued to gain momentum until the end of the year.

Given this, European monetary policymakers slowed the pace of key interest rate hikes somewhat, although they continued consistently with interest rate hikes at every meeting until

⁸ See German Federal Statistical Office 2024, https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_038_811.htm

⁹ See Eurostat 2024, https://ec.europa.eu/eurostat/databrowser/view/prc_hicp_aind/default/table?lang=de&category=prc.prc_hicp

¹⁰ See German Federal Statistical Office 2024, https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_003_611.html

¹¹ See Eurostat 2024, <https://ec.europa.eu/eurostat/documents/2995521/18261481/2-05012024-AP-DE.pdf/f5ee5876-de01-660e-c714-c60fadad34ae>

¹² See Federal Employment Agency 2024, <https://statistik.arbeitsagentur.de/Statistikdaten/Detail/202312/arbeitsmarktberichte/monatsbericht-monatsbericht/monatsbericht-d-0-202312-pdf.pdf>



Municipal housing construction, municipality of Warngau
Municipal housing subsidy programme
Builder-owner: municipality of Warngau
Planner: Werkbureau_Architekten + Stadtplaner, Munich
Photo: Werkbureau_Architekten + Stadtplaner, Munich

September. Since then, the key interest rate has remained unchanged. Overall, the ECB raised the deposit rate that is relevant to monetary policy by a total of 200 basis points to 4.0 percent¹³. This made interest rate policy noticeably more restrictive. European monetary authorities also made their liquidity policy less expansive. Reinvestments in the APP bond purchase programme were gradually discontinued, lucrative tenders for commercial banks in the TLTRO programme expired as planned, and in December a decision was made to gradually reduce reinvestments in the pandemic purchase programme (PEPP) for 2024. This resulted in a significant reduction in the ECB's total assets, and the volume of money in circulation also shrank tangibly.

The year 2023 proved to be a challenging year for companies and private households in the Free State of Bavaria. Supply chain problems increasingly diminished in the first half of the year, with only isolated reports of a lack of input goods such as semiconductors, such as in the automotive industry. Despite these rays of hope, however, the environment remains challenging for companies. High order backlogs led to only a slight expansion in industrial output of 0.4 percent in

¹³ See ECB 2024, https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html

2023.¹⁴ Growth was driven by mechanical engineering and the pharmaceutical industry, although most strongly by the recovering automotive industry. Despite the cancellation of the purchase premium for plug-in hybrid vehicles at the beginning of the year, the automotive sector sold more vehicles in Germany, Europe and North America in particular, while business in Asia remained sluggish. One of the weakest sectors was the chemical industry, which is very important for Bavaria and, like other energy-intensive industries, suffered from high input prices. Overall, the Bavarian economy avoided a recession in the first half of 2023 with a very low rate of expansion in real GDP of half a percentage point year-on-year (Germany: -0.3 percent).¹⁵

The barely higher unemployment rate (annual average 2023: 3.4 percent)¹⁶ and the fall in inflation to 3.4 percent by December 2023¹⁷ in Bavaria can at least be seen as positive signs.

The significant rise in interest rates led to lower demand for residential property in both Germany and Bavaria in 2023. Prices for single-family homes in Munich decreased to an average of around EUR 1.7 million in 2023, down from EUR 1.8 million in 2022¹⁸, a reduction of just under 6 percent. In contrast, the average price level for new owner-occupied apartments in the Bavarian capital remained stable at EUR 10,200 per square metre¹⁹. This only slight reduction in prices reflects the continuing shortage of housing in Bavaria and especially in Munich. As expected in the previous year, rents in Munich continued to rise significantly over the course of 2023 and, at an average of EUR 22.50 per square metre in new builds at the end of the year, were almost 6 percent higher than in 2022. While prices and rents in Bavaria were largely in line with the overall German trend, the Bavarian construction industry was no longer able to escape the nationwide negative trend after a still robust year in 2022. Overall, Bavarian construction output in the structural engineering sector decreased by 8.9 percent year-on-year, and by 7.1 percent in the overall construction industry.²⁰ In Germany, the corresponding reductions in production levels were significantly lower at 1.9 percent and 1.2 percent respectively.²¹

The package of measures approved by the German federal government in autumn 2023 included, in particular, additional investment in residential construction, as well as measures to stabilise the construction and real estate industry. Among other measures, the focus was on cutting red tape in municipalities with housing shortages as well as numerous concepts for state subsidies totalling EUR 18 billion.

¹⁴ See Bayerisches Landesamt für Statistik 2024, https://www.statistik.bayern.de/statistik/wirtschaft_handel/verarbeitendes_gewerbe/index.html#link_3

¹⁵ See German federal and state statistics offices 2024, <https://www.statistikportal.de/de/vgrdl/ergebnisse-laenderebene/bruttoinlandsprodukt-bruttowertschoepfung/bip#11489>

¹⁶ See Federal Employment Agency 2024, <https://statistik.arbeitsagentur.de/Auswahl/raeumlicher-Geltungsbereich/Politische-Gebietsstruktur/Bundeslaender/Bayern.html>

¹⁷ See Bayerisches Landesamt für Statistik 2024, <https://www.statistik.bayern.de/presse/mitteilungen/2024/pm002/index.html>

¹⁸ See [rivis.de/Bulwiengesa](https://www.rivis.de/Bulwiengesa) 2024

¹⁹ See [rivis.de/Bulwiengesa](https://www.rivis.de/Bulwiengesa) 2024

²⁰ See Bayerisches Landesamt für Statistik 2024, https://www.statistik.bayern.de/mam/produkte/veroeffentlichungen/statistische_berichte/e2100c_202312.pdf

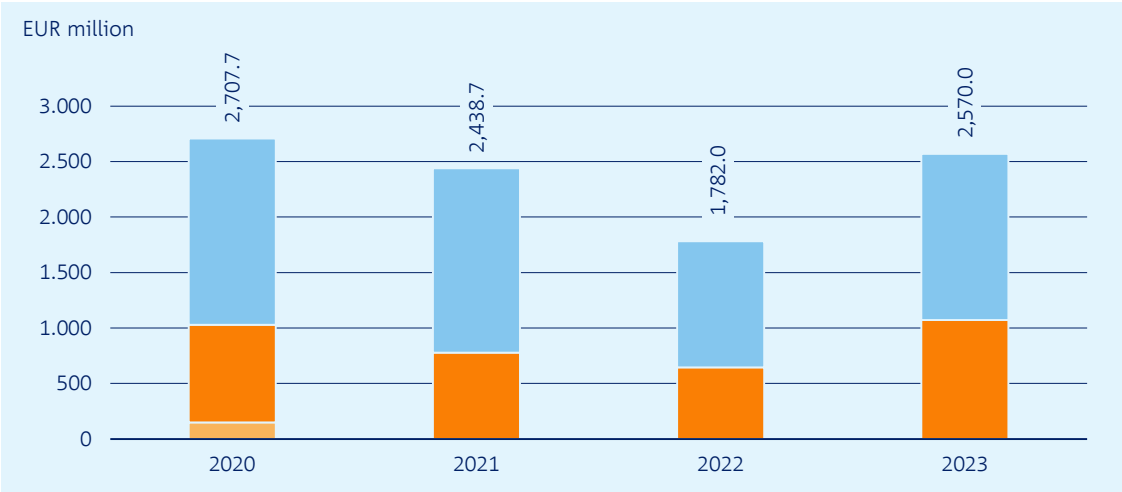
²¹ See Federal Statistical Office 2024, *Produktionsindex im Bauhauptgewerbe*, downloaded via Genesis-Online on 20 February 2024

Since January 2023, the Bavarian state government has been stepping up its efforts to counter the downward trend in the sector with its so-called Bavaria Housebuilding Booster and the Bavarian Construction Stimulus Programme. Bavaria is subsidising the construction and modernisation of rental housing as well as the creation of owner-occupied residential property through new construction or the acquisition of existing properties.

New commitments

In 2023, BayernLabo approved commitments and grants totalling EUR 2,570.0 million (previous year: EUR 1,782.0 million) due to higher demand.

New commitments and grants



Commitments/grants in 2023:

- Housing subsidies EUR 1,496.7 million (FY 2022: EUR 1,137.8 million)
- Municipal lending EUR 1,073.3 million (FY 2022: EUR 644.2 million)
- Government loans EUR 0.0 million (FY 2022: EUR 0.0 million)

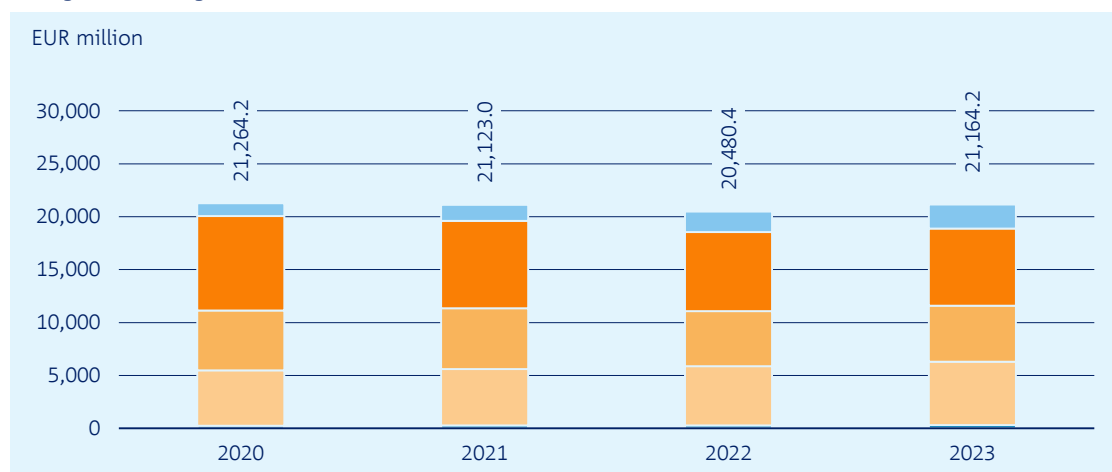
Potential deviations in the total are due to rounding.

BayernLabo's total approval volume increased significantly by EUR 788.0 million (44.2 percent) compared to the previous year. While loan commitments for subsidised housing increased by EUR 293.9 million (34.6 percent) to EUR 1,143.5 million, the corresponding grants were up by EUR 65.1 million (22.6 percent). In addition, new commitments in the municipal lending business soared by EUR 429.1 million (66.6 percent) to EUR 1,073.3 million. By contrast, it remained the case in 2023 that no government loan was concluded with the Free State of Bavaria.

Existing business

BayernLabo's lending volume increased slightly by EUR 683.7 million (3.3 percent) to EUR 21,164.1 million²² in the 2023 financial year (previous year: EUR 20,480.4 million).

Changes in existing business



Existing business in 2023

- Due to banks EUR 2,288.1 million (FY 2022: EUR 1,917.3 million)
- Government and municipal loans EUR 7,271.9 million (FY 2022: EUR 7,470.7 million)
- Guaranteed business EUR 5,290.2 million (FY 2022: EUR 5,204.1 million)
- Fiduciary business EUR 5,998.0 million (FY 2022: EUR 5,591.9 million)
- Own liabilities EUR 316.0 million (FY 2022: EUR 296.4 million)

The state and municipal loan business was down by 2.7 percent to EUR 7,271.9 million. As in previous years, in which it was significantly higher, this reduction particularly reflects state lending business with the Free State of Bavaria (EUR 510.0 million nominal). Here, high scheduled repayments of Schuldschein note loans (EUR 580.0 million) were not offset by any new transactions. In contrast, growth of 6.0 percent was recorded in the municipal lending business (EUR 6,669.2 million) due to a significant increase in the volume of disbursements.

In guaranteed proprietary business, the total portfolio increased by 86.1 percent to EUR 5,290.2 million. In addition to the low level of repayments, the increase was again largely due to trends in the municipal housing subsidy programme. The portfolio expanded by 16.5 percent to EUR 523.5 million reflecting the continuing high level of new loans. By contrast, the loan portfolio guaranteed by the Free State of Thuringia (EUR 109.1 million) continues to decrease, as only the portfolio has been managed since 2002.

²² Until 2021, recognition of residual capital, and from 2022 recognition on the balance sheet (including pro rata interest, open items and valuation allowances).

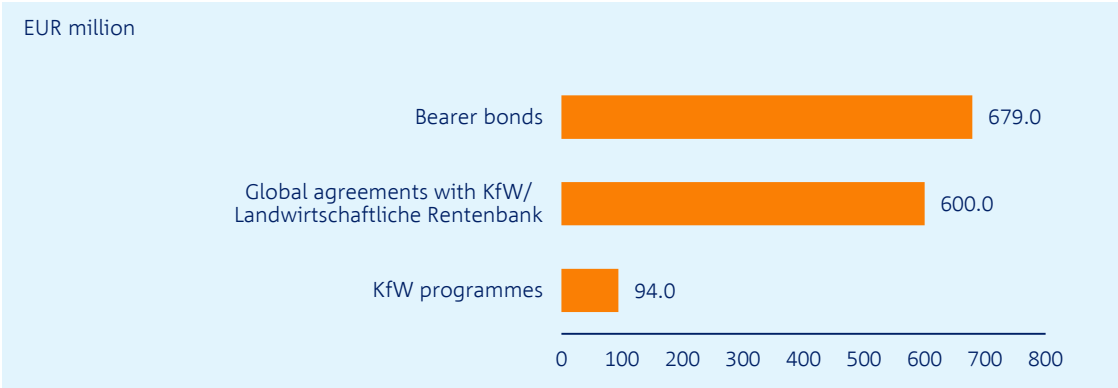
In trust transactions, the loan portfolio increased significantly by EUR 406.1 million or 7.3 percent to EUR 5,998.0 million. As in previous years, the reasons for the increase are, firstly, the further significant rise in disbursements in the Bavarian trust business totalling EUR 595.0 million (previous year: EUR 429.5 million) and, secondly, the very low level of repayments.

An increase of 6.6 percent to EUR 316.0 million was also recorded for the loan portfolio under the bank’s own liability. With the volume of disbursements remaining largely constant, this is primarily due to a lower level of unscheduled repayments.

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 in the financial year increased significantly by EUR 223.3 million (19.4 percent) to EUR 1,373.0 million (previous year: EUR 1,149.7 million).

Composition of funding in 2023



BayernLabo issued EUR 679.0 million (previous year: EUR 514.0 million) of bearer bonds (social bonds) on the capital market, including by way of private placements.

BayernLabo arranges global agreements with KfW and/or Landwirtschaftliche Rentenbank as required. Refinancing of EUR 600.0 million (previous year: EUR 500.0 million) was provided for this purpose.

BayernLabo used the funding volume from KfW development programmes of EUR 94.0 million (previous year: EUR 135.7 million) for all internally funded programmes that are compatible with KfW development programmes. As well as proprietary KfW funds, this also includes subsidies from the German federal government. 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.

Results of operations and financial position (HGB)

Results of operations

In the financial year under review, BayernLabo's results of operations were significantly influenced by the generally higher interest rate level and the positive price performance of securities in the Contractual Trust Arrangement (CTA). After the allocation to provisions for general banking risks, a net profit for the year of EUR 25.0 million is reported (previous year: breakeven).

**Net income
of EUR 25
million!**

Results of operations

EUR million	2023	2022	Change	
			Absolute	In %
Net interest income	95.3	53.6	41.7	77.8
Net commission income	25.3	23.5	1.8	7.7
Gross profit	120.6	77.1	43.5	56.4
Staff costs	(41.1)	(42.4)	1.3	(3.1)
Operating expenses	(27.6)	(26.8)	(0.8)	3.0
Net of other operating expenses and income	25.3	(32.7)	58.0	--
Gains or losses before risk provisions	77.2	(24.8)	102.0	--
Risk provisions/gains or losses on measurement/gains or losses from extraordinary items	(52.2)	24.8	(77.0)	--
Net profit	25.0	0.0	25.0	--

Gross profit

At EUR 120.6 million, gross profit was far above (56.4 percent) the EUR 77.1 million reported for the previous year.

Due to the prevailing interest rate situation, net interest income increased sharply by 77.8 percent or by EUR 41.7 million. This mainly reflected interest income from the money investments of asset/liability management.

Net commission income rose slightly by EUR 1.8 million (7.7 percent) to EUR 25.3 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 decreased slightly by 0.7 percent to EUR 68.7 million in the reporting year (previous year: EUR 69.2 million). At EUR 41.1 million, staff costs decreased by EUR 1.3 million and were thereby 3.1 percent lower than in the previous year. This mainly reflected reduced payments in connection with staff-related measures. By contrast, operating expenses of EUR 27.6 million, which were marked particularly by ongoing IT costs, reduced by EUR 0.8 million year-on-year (3.0 percent).

The positive net balance of other operating income and expenses rose sharply by EUR 58.0 million to EUR 25.3 million (previous year: negative net balance of EUR 32.7 million). This increase arose almost exclusively from the high positive performance of cover assets (CTA) totalling EUR 31.7 million.

The item risk provisions/gains or losses on measurement/gains or losses from extraordinary items mainly includes the allocation of provisions for general banking risks pursuant to Section 340f of the German Commercial Code (HGB).

Financial position

BayernLabo's total assets of EUR 21,793.4 million reflect a slight increase of EUR 742.8 million (3.5 percent) in the reporting year (previous year: EUR 21,050.6 million).

Assets (selected items)

EUR million	2023	2022	Change	
			Absolute	In %
Loans and advances to banks	2,288.1	1,917.3	370.8	19.3
Loans and advances to customers	12,878.0	12,971.2	(93.2)	(0.7)
Bonds, notes and other fixed-income securities	294.0	305.7	(11.7)	(3.8)
Assets held in trust	5,998.0	5,591.9	406.1	7.3

As part of asset/liability management, loans and advances to banks increased by EUR 370.8 million to EUR 2,288.1 million as at 31 December 2023, reflecting factors relating to the reporting date.

The portfolio of loans due from customers decreased by a total of EUR 93.2 million to EUR 12,878.0 million. This derived primarily from scheduled repayments in the public-sector lending business.

Assets held in trust reported an increase of EUR 406.1 million to EUR 5,998.0 million, which is attributable to significant growth in the portfolio of fiduciary business in Bavaria.

Liabilities (selected items)

EUR million	2023	2022	Change	
			Absolute	In %
Liabilities to banks	5,448.0	5,033.1	414.9	8.2
Liabilities to customers	3,357.4	3,361.4	(4.0)	(0.1)
Securitised liabilities	4,563.3	4,659.7	(96.4)	(2.1)
Liabilities held in trust	5,998.0	5,591.9	406.1	7.3
Provisions	41.5	49.8	(8.3)	(16.7)
Own funds	2,363.3	2,312.6	50.7	2.2

On the liabilities side of the balance sheet, liabilities to banks (KfW, Landwirtschaftliche Rentenbank and BayernLB) increased by EUR 414.9 million to EUR 5,448.0 million.

By contrast, liabilities to customers reduced only slightly by EUR 4.0 million to EUR 3,357.4 million. Securitised liabilities also decreased by EUR 96.4 million to EUR 4,563.3 million as a consequence of scheduled repayments.

Provisions reduced by 16.7 percent or EUR 8.3 million to EUR 41.5 million in the year under review. This is mainly attributable to the positive performance of the plan assets to cover benefit obligations.

Summary assessment

BayernLabo achieved a very good level of profitability in the 2023 financial year. The financial position was sound and the liquidity base was comfortable throughout the reporting period.

From BayernLabo's perspective, business performance has been extremely satisfactory in the current environment.

Human resources

Well qualified and motivated staff are key to BayernLabo's future success. Here, 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 digital health days are offered to employees.

Following BayernLabo's move to the building at Brienner Straße 16, employees are now able to work in a very attractive office building adapted to the digital working world, either on site or from home.

BayernLabo is continuously working to increase the ratio of women holding management positions in relation to the total number of management positions. For example, 35.3 percent of team management positions and one department management position were held by women in 2023. BayernLabo has also filled the two places available as part of its talent programme (2022/2023 cohort) with top performers.



Residential building with 54 residential units, Augsburg-Haunstetten
Income-based subsidies
Builder-owner: IGEWO GmbH & Co. Wohnungsunternehmen KG, Munich
Planner: Götze Hadlich + Popp Streib Architekten, Munich
Photo: Götze Hadlich + Popp Streib Architekten, Munich

BayernLabo has created a job pool with four positions in the course of 2023 in connection with the recruitment of junior managerial staff. The goal here is to attract young professionals who have completed their training to BayernLabo from 2024. The bank aims to provide an overview of the tasks and basic principles of BayernLabo's promotional business and then to fill a specialist position in line with needs, skills and aptitudes. BayernLabo also organises its own events to present the range of tasks as well as the advantages offered by BayernLabo.

As at 31 December 2023, a total of 213 employees, equivalent to 187.7 full time equivalents (FTEs), were employed at BayernLabo (as at 31 December of the previous year: 233 employees or 204.0 FTEs).

Number of employees

	31 Dec 2023		31 Dec 2022		Change
	Number	In %	Number	In %	In %
BayernLabo total	213		233		(8.6)
Of which men	79	37.1	92	39.5	(14.1)
Of which women	134	62.9	141	60.5	(5.0)
Of which full-time	135	63.4	148	63.5	(8.8)
Of which part-time	78	36.6	85	36.5	(8.2)

The part-time ratio of 36.6 percent was almost unchanged compared with the previous year (36.5 percent). In the financial year under review, 78 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 21.2 years.

11 Outlook

Outlook

Economic environment

The risks to the global economy remain elevated in a geopolitical environment that remains characterised by volatility.²³ Above all, uncertainty exists about the extent to which the massive interest rate hikes by Western central banks will dampen the economy and inflation. Nevertheless, it can be assumed that the economy will slowly pick up after a weak start to 2024 and that inflation rates will move towards the central banks' targets following a temporary rise at the beginning of the year. Starting with the Fed in the middle of the year, other western central banks will also cut interest rates, although the ECB will not do so until the end of 2024. If a further shock occurs before then, this is likely to have serious consequences, as the scope for manoeuvre for monetary and fiscal policy is severely restricted.

The economy is likely to reflect a two-track trend in 2024. Although the wars in Ukraine and Israel are not expected to escalate any further, it is likely that particularly the conflict in the Middle East will once again form a focus for markets in the first half of the year and temporarily lead to rising oil prices and a risk-off mode on financial markets. Consumer confidence is also likely to be affected. In Europe, rising unemployment will reduce consumers' purchasing power and offset the easing pressure from disinflation. At the same time, a rising interest burden is causing problems for businesses, which will respond by cutting back on investments. In contrast, the economy is expected to pick up slightly in the second half of the year. Rising real wages, the expiry of the monetary tightening stimulus from 2023, and the upcoming interest rate cuts by the Fed and ECB will provide a tailwind.

In Germany, the phase of stagflation that has now lasted for over a year is likely to continue at the start of 2024, with temporarily higher inflation (CPI annual average forecast: 2.7 percent year-on-year) and a weakened consumer climate. The government's fiscal austerity measures required to comply with the debt brake, as well as a cocktail of tax increases and subsidy cuts, will have a negative impact on the economy. In this context, however, a recovery is also foreseeable in the second half of the year if inflation falls further below nominal wage growth, consumption gains momentum and the ECB lowers its key interest rates. Corporate investments, in particular, are also benefiting from more favourable refinancing conditions. House prices are anticipated to bottom out in 2024, while construction and consumer-related sectors are likely to recover somewhat. We expect Germany's real gross domestic product to grow slightly by 0.3 percent year-on-year.

The situation in Bavaria is similar to that in Germany as a whole, with the short-term outlook being unfavourable: the economy is likely to stagnate in the first half of the year before picking up in the second half. The inflationary wave is then expected to abate, real wage increases should support private consumption, and companies should regain confidence and invest more in light of rising foreign demand and stable interest rates. As far as the Bavarian construction industry is concerned, the weak economic environment combined with lower demand, particularly in the residential construction sector, points to the situation remaining poor in the long term.

²³ See BayernLB Research, *Perspektiven 1/2024*



Deggendorf student residence
Subsidies for student accommodation
Builder-owner: Studentenwerk Niederbayern/Oberpfalz
Planner: karlundp Gesellschaft von Architekten mbH, Munich
Photo: Connolly Weber Photography GbR, Munich

For 2024, due to a higher level of cancellations of residential construction orders, a reduction in new construction is expected. The price level for residential property in Bavaria is also anticipated to continue to fall slightly in 2024, in line with the trend in Germany, while rents in Bavaria are likely to rise significantly due to the ongoing housing shortage.

As previously, the greatest economic risks in 2024 derive from the world of politics. The power struggle between the US and China is putting the international order and global trade in jeopardy. The presidential elections in the USA represent an additional source of uncertainty. Regional conflicts and the struggle for access to commodities, notably energy, and intermediate products, could pose new challenges for the strongly export-oriented German economy. Russia's war in Ukraine and the war in Israel will remain a source of unrest in the immediate neighbourhood. The German government's fiscal austerity measures could slow down the transformation of the economy and deepen the recession. Ultimately, high key interest rates also harbour the risk of further setbacks on financial markets or in the property market. An aggressive or resistant strain of coronavirus as well as lockdowns and supply problems are now less likely, but cannot be ruled out for good yet.

A recovery in private consumption due to higher real wages and increased investment activity in response to falling interest rates suggest some upside opportunities for economic growth forecasts. In the electrical and mechanical engineering industries, China's comeback as a global consumer could lead to higher production.

BayernLabo's future performance

Although both geopolitical and economic conditions remain a challenge for companies and banks, the willingness to invest in residential construction and municipal facilities will remain high, particularly in Bavaria.

Given the continuing high investment backlog and the upcoming challenges, particularly in the context of the energy transition, greater demand for loans to realise municipal investment projects is expected.

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.

BayernLabo identifies opportunities especially if economic conditions in the interest rate environment turn out to be better than expected. High interest rates make BayernLabo an even more attractive business partner in the market for loans, and can thereby exert a positive impact on net interest income.

By expanding BayernLabo's credit system to include the recording of energy data, BayernLabo hopes to gain refinancing advantages for capital market issues, which can be passed on to end customers.

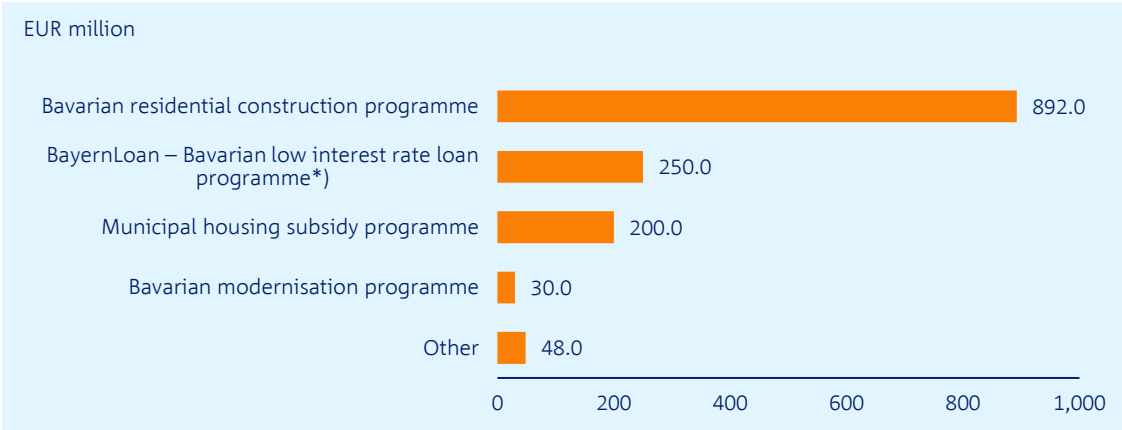
A major challenge for BayernLabo will be to ensure that it can continue to fill vacancies adequately in the future despite the tight situation in the skilled labour market.

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

A total of EUR 1,420.0 million has been earmarked for new commitments and grants for housing development in the 2024 financial year.

Planning of new commitments and grants for 2024



*) As at March 2024.

The Bavarian residential construction programme has a budget of around EUR 892.0 million for 2024.

BayernLabo will provide an internally funded contribution of up to EUR 10.0 million to subsidise the BayernLoan – Bavarian low interest rate loan programme (EUR 250.0 million), the Bavarian modernisation programme (EUR 30.0 million) and the municipal subsidised loan business (EUR 100 million), to be charged to the 2024 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.

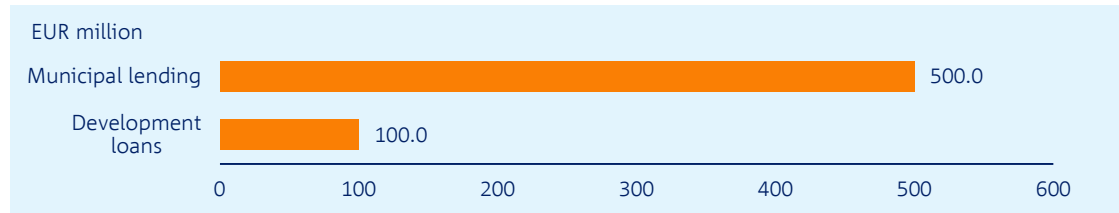
An amount of EUR 200.0 million will be made available for the Municipal Housing Subsidy Programme, which will be used as investment grants and interest subsidies in addition to loans.

Additional loans and grants of EUR 48.0 million were also taken into account.

Municipal lending business

In the municipal lending business, a total of EUR 600 million has been earmarked for new commitments for the 2024 financial year.

Planning of new commitments 2024



BayernLabo is planning a new business volume in an unchanged amount of EUR 500.0 million in traditional municipal lending.

In addition to grants and development loans (especially from KfW), traditional municipal loans will remain the preferred source of financing for a large proportion of borrowers.

The range of funding products is to be expanded, particularly in the area of sustainability, if opportunities arise for cooperation with federal development banks with market-adequate refinancing advantages for the financing of sustainable investments. Due to the still uncertain framework conditions for the underlying federal subsidies and the current lack of market-adequate refinancing advantages, the product development already planned for 2023 could not yet be realised.

12 Notes

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In all of the tables below, potential differences in the total are due to rounding.

1 State-subsidised business in 2023 at a glance

Tab. 1.1 State housing subsidies

Subsidies as per BayWoFG	Ownership measures	Rental homes	Total homes			Residential places		
			2023	2022	Change	2023	2022	Change
Amortising loans								
Owner-occupied homes								
New builds	288	–	288	302	(14)	–	–	–
Purchases	1,094	–	1,094	555	539	–	–	–
Rental housing								
Income-based subsidies	–	2,663	2,663	2,995	(332)	–	–	–
Expenditure-based subsidies	–	15	15	35	(20)	–	–	–
Disability plan						22	–	22
	1,382	2,678	4,060	3,887	173	22	–	22
Conditionally non-repayable loans								
Subsidies for student accommodation								
	–	–	–	–	–	915	591	324
Disability plan	–	–	–	–	–	59	163	(104)
Structural adaptations for people with disabilities								
	1,962	169	2,131	2,189	(58)	–	–	–
	1,962	169	2,131	2,189	(58)	974	754	220
Subsidy only as a grant in the disability plan								
	–	–	–	–	–	141	194	(53)
Total	3,344	2,847	6,191	6,076	115	1,137	948	189

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		
			2023	2022	Change	2023	2022	Change
BayernLoan – Bavarian low interest rate loan programme								
Combined subsidy	[1,218]	–	[1,218]	[695]	[523]	–	–	–
Individual subsidy	160	–	160	109	51	–	–	–
	160	–	160	109	51	–	–	–
Loan programme to create energy-efficient rental housing		[309]	[309]	[250]	[59]	–	–	–
Bavarian modernisation programme								
Rental housing	–	271	271	169	102	–	–	–
In-patient care facilities	–	–	–	–	–	173	44	129
Condominium owners' associations	–	214	214	407	(193)	–	–	–
Leasehold flats	–	–	–	94	(94)	–	–	–
	–	485	485	670	(185)	173	44	129
Municipal housing subsidy programme								
Combined subsidy (loans and grants)	–	308	308	385	(77)	–	–	–
Subsidy only as a grant	–	247	247	123	124	–	–	–
	–	555	555	508	47	–	–	–
Total	160	1,040	1,200	1,287	(87)	173	44	129

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	Total homes			Residential places				
	Ownership measures	Rental homes	2023	2022	Change	2023	2022	Change
Loans for promoting affordable housing	–	545	545	177	368	–	–	–
Total	–	545	545	177	368	–	–	–

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	40.6	31.8
Nuremberg	33.0	39.3
Augsburg	14.3	14.1
Upper Bavaria	28.7	28.5
Lower Bavaria	15.2	11.4
Upper Palatinate	18.4	13.1
Upper Franconia	21.8	12.3
Middle Franconia	17.0	12.1
Lower Franconia	15.6	13.1
Swabia	34.4	32.6
Jointly	239.1	208.2

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

Granted for the area of	Total costs						
	Subsidised homes	Loans	General subsidy	Ready for sustainable renewal and expansion grant	Local centre grant	Sustainability grant	Energy-efficiency grant
	RU	EUR	EUR	EUR	EUR	EUR	EUR
Munich	464	71,066,300	18,357,200	–	3,059,100	4,377,700	–
Nuremberg	450	71,338,350	12,758,660	–	720,600	5,564,700	2,061,500
Augsburg	119	27,964,700	5,358,700	–	697,900	1,094,400	–
Upper Bavaria	285	56,577,400	11,308,600	–	1,811,200	3,568,300	–
Lower Bavaria	137	26,073,000	6,114,900	–	788,700	1,850,000	–
Upper Palatinate	216	30,963,700	8,538,800	42,300	590,800	1,883,200	–
Upper Franconia	188	34,045,400	8,031,700	24,000	679,500	2,264,800	–
Middle Franconia	146	29,142,500	6,266,700	–	1,039,800	2,088,800	–
Lower Franconia	197	28,688,400	5,204,600	–	867,300	1,734,800	–
Swabia	461	67,008,400	18,165,500	–	2,924,700	5,595,800	–
Jointly	2,663	442,868,150	100,105,360	66,300	13,179,600	30,022,500	2,061,500
Subsequent and residual approvals ¹	–	4,430,673	91,200	–	–	–	–
Total	2,663	447,298,823	100,196,560	66,300	13,179,600	30,022,500	2,061,500
The home subsidies approved subsequently/residually are broken down as follows:							
Munich	–	1,327,200	59,800	–	–	–	–
Nuremberg	–	949,040	–	–	–	–	–
Augsburg	–	492,400	–	–	–	–	–
Upper Bavaria	–	571,900	9,900	–	–	–	–
Lower Bavaria	–	495,200	–	–	–	–	–
Upper Palatinate	–	544,833	14,900	–	–	–	–
Swabia	–	50,100	6,600	–	–	–	–
Total	–	4,430,673	91,200	–	–	–	–

¹ Following reduction by the additional subsidy.

Tab. 2.2 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	153,160	395,456	6,016	66	6.33
Nuremberg	158,530	453,933	5,808	78	5.39
Augsburg	234,997	417,411	5,618	74	7.86
Upper Bavaria	198,517	385,328	5,896	65	6.96
Lower Bavaria	190,314	659,567	4,833	74	6.35
Upper Palatinate	143,350	309,157	4,725	65	6.16
Upper Franconia	181,093	332,368	4,689	71	6.44
Middle Franconia	199,606	349,971	4,914	71	5.21
Lower Franconia	145,626	371,895	5,371	69	6.20
Swabia	145,354	357,815	5,485	65	7.22
Jointly	166,304	381,182	5,490	69	6.41

Tab. 2.3 Occupancy commitments

Including for	2023		2022	
	RU	%	RU	%
Young married couples	–	–	–	–
Large families	116	4.4	45	1.6
Elderly persons	44	1.6	–	–
Severely disabled	20	0.8	39	1.4
Pregnant women	–	–	–	–
Single parents	–	–	–	–
Other persons with unsuitable accommodation	2,483	93.2	2,728	97.0
Jointly	2,663	100.0	2,812	100.0

Tab. 2.4 Financing

In %	2023	2022
Borrowing (capital market and other borrowing)	7.8	15.4
Federal and state funds	68.7	44.2
Other funding from public funds	3.9	13.9
Genuine subsidies from own funds	18.9	26.1
Replacement subsidies from own funds	0.7	0.4
Jointly	100.0	100.0

Tab. 2.5 Contractors

	Rental homes		Loans	
	Number	%	EUR	%
Private-sector contractors	239	9.0	41,571,600	0.6
Private housing companies	628	23.6	113,213,600	56.4
Other contractors	270	10.1	43,699,950	5.4
Public-sector contractors	1,526	57.3	244,383,000	37.6
Jointly	2,663	100.0	442,868,150	100.0

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

Tab. 2.6 Details of subsidies (new builds and conversions)

Construction projects		Total costs					Energy-efficiency grant
		Subsidised homes	Loans	General subsidy	Local centre grant	Sustainability grant	
		RU	EUR	EUR	EUR	EUR	
Peißenberg	New builds	6	776,400	157,100	26,100	52,300	–
Upper Bavaria		6	776,400	157,100	26,100	52,300	–
Furth	New builds	3	783,400	171,800	28,600	–	–
Lower Bavaria		3	783,400	171,800	28,600	–	–
Bayreuth	New builds	6	1,246,100	234,100	39,000	78,100	–
Upper Franconia		6	1,246,100	234,100	39,000	78,100	–
Subsequent and residual approvals		–	505,800	–	–	–	–
Total		15	3,311,700	563,000	93,700	130,400	–

Tab. 2.6 Continued: Details of subsidies (new builds and conversions)

Construction projects		Total costs			
		Average loan per home	per m ² of residential area	Average home size	Average rent per m ²
		EUR	EUR	m ²	EUR
Peißenberg		129,400	198,413	4,544	5.60
Upper Bavaria		129,400	198,413	4,544	5.60
Furth		261,133	407,933	95	5.62
Lower Bavaria		261,133	407,933	95	5.62
Bayreuth		207,683	382,935	58	6.10
Upper Franconia		207,683	382,935	58	6.10

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

Tab. 2.7 Breakdown of subsidised rental homes by IBS and EBS occupancy commitments

	Subsidised rental homes	Of which 25 years occupancy commitment	Of which 40 years occupancy commitment	Of which 55 years occupancy commitment
Munich	464	103	47	314
Nuremberg	450	34	249	167
Augsburg	119	–	82	37
Upper Bavaria	291	124	21	146
Lower Bavaria	140	71	–	69
Upper Palatinate	216	159	9	48
Upper Franconia	194	32	34	128
Middle Franconia	146	11	56	79
Lower Franconia	197	3	–	194
Swabia	461	161	12	288
Jointly	2,678	698	510	1,470

Subsidies for student accommodation

Tab. 2.8 Total subsidised loans

	Places in student halls of residence	State funds	
	Number	EUR	Type
Munich	–	552,100	Subsequent approval / renovation / conversion
Munich	–	2,430,600	Community centre / purchase / modernisation
Nuremberg	171	13,884,400	New builds
Augsburg	261	10,136,000	Purchase / modernisation
Regensburg	–	756,000	Community centre / purchase / modernisation
Regensburg	442	38,865,000	New builds
Erlangen	41	3,075,000	New builds
Jointly	915	69,699,100	

Municipal housing subsidy programme

Tab. 2.9 Municipal housing subsidy programme (KommWFP)

Administ- rative district	Grant subsidy			Combined subsidy				Total costs EUR
	Subsid- ised rental housing	General grant for new builds 30%	Increased grant for existing buildings 40%	Subsid- ised rental housing	Loans	General grant for new builds 30%	Increased grant for existing buildings 40%	
		EUR	EUR		EUR	EUR	EUR	
Upper Bavaria	162	27,604,500	1,136,000	180	31,050,000	25,387,200	728,000	202,860,923
Lower Bavaria	20	1,745,500	–	14	2,323,200	1,982,000	–	10,818,556
Upper Palatinate	6	654,600	–	10	497,300	98,600	570,200	3,936,343
Upper Franconia	–	–	–	–	–	–	–	–
Middle Franconia	6	599,700	–	–	–	–	–	1,999,211
Lower Franconia	–	–	–	25	5,225,600	3,308,200	–	11,420,017
Swabia	53	1,589,300	2,688,000	79	18,984,300	9,777,700	614,300	45,222,840
Jointly	247	32,193,600	3,824,000	308	58,080,400	40,553,700	1,912,500	276,257,890

Bavarian modernisation programme

Tab. 2.10 Total subsidies by area of approval

Granted for the area of	Rental homes				Sustainability grant
	Flats	%	Loans	Grants	
Munich	–	–	–	–	–
Nuremberg	–	–	–	–	–
Augsburg	36	13.3	1,847,600	502,400	–
Upper Bavaria	–	–	–	–	–
Lower Bavaria	–	–	–	–	–
Upper Palatinate	–	–	–	–	–
Upper Franconia	205	75.6	12,075,700	2,971,750	2,432,650
Middle Franconia	–	–	–	–	–
Lower Franconia	30	11.1	2,537,800	634,300	327,800
Swabia	–	–	–	–	–
Jointly	271	100.0	16,461,100	4,108,450	2,760,450

Tab. 2.10 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	–	–	–	–	–
Upper Palatinate	–	–	–	–	–
Upper Franconia	–	–	–	–	–
Middle Franconia	173	100.0	11,151,400	2,259,400	1,051,200
Lower Franconia	–	–	–	–	–
Swabia	–	–	–	–	–
Jointly	173	100.0	11,151,400	2,259,400	1,051,200

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	8	2.8	382,500	2.0	47,813	75,000	0
Nuremberg	7	2.4	820,000	4.3	117,143	120,000	0
Augsburg	–	–	–	–	–	–	0
Upper Bavaria	62	21.5	4,957,400	25.7	79,958	985,000	50,000
Lower Bavaria	15	5.2	1,221,000	6.3	81,400	217,500	0
Upper Palatinate	23	8.0	1,391,800	7.2	60,513	322,500	0
Upper Franconia	24	8.3	1,384,500	7.2	57,688	330,000	36,600
Middle Franconia	36	12.5	2,623,800	13.6	72,883	495,000	139,100
Lower Franconia	23	8.0	1,226,000	6.4	53,304	310,000	0
Swabia	90	31.3	5,261,200	27.3	58,458	1,175,000	0
Jointly	288	100.0	19,268,200	100.0	66,903	4,030,000	225,700
Subsequent and residual approvals			–			–	–
Total			19,268,200			4,030,000	225,700

Tab. 3.2 Ownership forms by area of approval

Granted for the area of	Residential units in family homes		Owner-occupied flats		All residential units	
	Number	%	Number	%	Number	%
Munich	1	0.3	7	2.4	8	2.8
Nuremberg	5	1.7	2	0.7	7	2.4
Augsburg	–	–	–	–	–	–
Upper Bavaria	60	20.8	2	0.7	62	21.5
Lower Bavaria	15	5.2	–	–	15	5.2
Upper Palatinate	23	8.0	–	–	23	8.0
Upper Franconia	23	8.0	1	0.3	24	8.3
Middle Franconia	35	12.2	1	0.3	36	12.5
Lower Franconia	23	8.0	–	–	23	8.0
Swabia	86	29.9	4	1.4	90	31.3
Jointly	271	94.1	17	5.9	288	100.0

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

Cost in EUR	Percentage		
	2023	2022	2021
Under 4.50	0.4	–	0.6
4.50 – 5.49	–	0.7	–
5.50 – 6.49	1.4	0.3	1.9
6.50 – 7.49	1.0	0.7	2.9
7.50 – 8.49	1.7	4.3	5.5
8.50 – 9.49	2.4	4.6	16.5
9.50 – 10.49	6.6	8.3	21.9
10.50 – 11.49	7.6	14.2	18.1
11.50 – 12.49	8.7	15.2	11.6
12.50 – 13.49	11.8	12.9	7.7
13.50 – 14.49	13.9	12.9	3.9
14.50 and more	44.4	25.8	9.4
Jointly	100.0	100.0	100.0

Tab. 3.4 Average loans by ownership forms

EUR	2023	2022
Subsidised with amortising loans		
Residential units in family homes	67,504	62,976
Owner-occupied homes	57,324	52,664

Tab. 3.5 Total costs and home sizes

	2023 (2022)		
	Total costs per residential unit	Total costs per m ² of residential area	
		EUR	EUR
Residential units in family homes	628,970 (577,655)	4,590 (4,139)	137 (140)
Of which single-family homes	635,768 (589,312)	4,618 (4,192)	137 (141)
Of which two-family homes	533,407 (492,491)	4,170 (3,347)	128 (127)
Owner-occupied flats	471,939 (512,852)	5,377 (4,491)	88 (92)

Tab. 3.6 Financing

In %	Family homes	Owner-occupied flats	Jointly
Borrowing (capital market and other borrowing)	49.8	58.7	50.2
Federal and state funds	13.1	13.9	13.2
Other funding from public funds	9.8	3.1	9.5
Genuine subsidies from own funds	26.4	24.3	26.3
Replacement subsidies from own funds	0.9	–	0.9
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

	Residential	Owner-	Total residential units		Amortising loans		Average	Grants for	Additional
	space in	occupied					loan per	households	
	family	flats	RU	%	EUR	%	residential	with	
homes	RU	RU	RU	%	EUR	%	unit	children	EUR
Munich	6	1	7	0.6	350,000	0.6	50,000	120,000	350,000
Nuremberg	53	28	81	7.4	8,796,700	14.2	108,601	1,247,500	3,418,600
Augsburg	11	3	14	1.3	1,385,000	2.2	98,929	195,000	651,900
Upper Bavaria	79	18	97	8.9	6,372,960	10.3	65,701	1,455,000	4,190,800
Lower Bavaria	62	12	74	6.8	4,582,200	7.4	61,922	1,057,500	2,761,900
Upper Palatinate	56	8	64	5.9	2,569,900	4.2	40,155	960,000	2,477,900
Upper Franconia	121	8	129	11.8	5,553,500	9.0	43,050	1,955,000	3,824,100
Middle Franconia	220	31	251	22.9	12,809,000	20.7	51,032	3,735,000	9,887,900
Lower Franconia	117	15	132	12.1	6,280,100	10.2	47,577	2,030,000	4,750,400
Swabia	204	41	245	22.4	13,067,200	21.2	53,336	3,530,000	10,406,000
Jointly	929	165	1,094	100.0	61,766,560	100.0	56,459	16,285,000	42,719,500
Subsequent and residual approvals					65,000			15,000	15,700
Total					61,831,560			16,300,000	42,735,200

BayernLoan – 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)	11,164,900	44,467,913	61	12,749,300	55,047,233	91
Lower Bavaria	1,683,100	7,479,398	13	5,783,400	24,505,753	60
Upper Palatinate	2,333,700	9,375,374	15	6,817,900	25,678,802	61
Upper Franconia	2,662,700	10,618,816	20	9,003,000	36,371,309	111
Middle Franconia (including Nuremberg)	5,526,000	23,895,300	40	31,473,600	128,662,296	298
Lower Franconia	3,040,500	12,854,712	22	11,727,100	48,228,254	124
Swabia (including Augsburg)	12,855,600	51,430,654	78	27,719,500	109,714,263	224
Jointly	39,266,500	160,122,167	249	105,273,800	428,207,910	969

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)	3,237,900	12,010,001	15	4,748,000	16,342,283	25
Lower Bavaria	–	–	–	258,900	863,000	2
Upper Palatinate	253,000	1,497,143	2	306,000	1,576,200	3
Upper Franconia	576,000	1,923,500	3	1,224,300	3,876,035	13
Middle Franconia (including Nuremberg)	2,076,400	6,473,999	10	4,823,600	16,389,701	33
Lower Franconia	243,000	729,180	1	521,300	1,832,050	4
Swabia (including Augsburg)	3,027,600	13,573,952	19	4,529,000	15,904,021	30
Jointly	9,413,900	36,207,775	50	16,411,100	56,783,290	110

Tab. 3.10 List according to end of condition – Combined funding

Administrative district	10-year interest rate lock-in		15-year interest rate lock-in		30-year interest rate lock-in	
	RU	Approval amount	RU	Approval amount	RU	Approval amount
Munich	5	528,400	7	1,046,100	3	714,500
Nuremberg	7	587,200	37	3,064,100	33	3,419,800
Augsburg	2	71,200	2	283,400	10	967,600
Upper Bavaria	15	2,370,700	34	5,059,400	88	14,195,100
Lower Bavaria	3	190,800	23	2,392,900	47	4,882,800
Upper Palatinate	7	813,300	16	1,849,000	53	6,489,300
Upper Franconia	11	853,000	22	1,658,300	98	9,154,400
Middle Franconia	16	1,713,100	54	6,194,300	191	22,021,100
Lower Franconia	6	447,500	22	2,034,700	118	12,285,400
Swabia	21	2,480,600	64	7,744,300	203	29,028,000
Jointly	93	10,055,800	281	31,326,500	844	103,158,000

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	1	109,800	2	440,500	–	–
Nuremberg	3	388,200	6	756,300	1	60,400
Augsburg	–	–	–	–	1	109,000
Upper Bavaria	5	1,064,500	10	2,255,100	22	4,116,000
Lower Bavaria	1	144,000	1	114,900	–	–
Upper Palatinate	–	–	1	120,300	4	438,700
Upper Franconia	2	158,400	5	643,600	9	998,300
Middle Franconia	8	1,388,000	13	2,287,700	12	2,019,400
Lower Franconia	–	–	–	–	5	764,300
Swabia	7	1,238,300	11	1,357,100	30	4,852,200
Jointly	27	4,491,200	49	7,975,500	84	13,358,300

Tab. 3.12 New construction and acquisition by area category – combined subsidy

	New builds		Purchases	
	RU	EUR	RU	EUR
Region category 1	9	1,309,600	12	2,016,400
Region category 2	46	7,421,400	389	43,585,000
Region category 3	86	14,908,000	267	29,751,400
Region category 4	108	15,627,500	301	29,921,000
Jointly	249	39,266,500	969	105,273,800

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

	New builds		Purchases	
	RU	EUR	RU	EUR
Region category 1	4	830,300	7	1,684,000
Region category 2	13	2,511,500	44	6,497,600
Region category 3	17	2,903,400	33	4,623,000
Region category 4	16	3,168,700	26	3,606,500
Jointly	50	9,413,900	110	16,411,100

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 September 2023

Household size	Annual income limit	Corresponds to annual net income of around
	EUR	EUR
1-person household	28,300	41,600
2-person household	43,200	62,900
Plus for each additional person	10,700	15,200
For every child	3,200	4,500

In the examples the following requirements were taken into account for a working-class household: sole earner, deduction of a flat rate for income-related expenses of EUR 1,230 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 owner-occupied housing allowance – Types 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	–	–	–	–	–	–
Nuremberg	–	–	–	–	–	–
Augsburg	–	–	–	–	–	–
Upper Bavaria	–	–	–	–	–	–
Lower Bavaria	–	–	–	–	–	–
Upper Palatinate	–	–	–	–	–	–
Upper Franconia	–	–	–	–	–	–
Middle Franconia	–	–	–	–	–	–
Lower Franconia	–	–	–	1	–	–
Swabia	–	–	–	–	–	–
Jointly	–	–	–	1	–	–

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 residential space	Total volume
	Single-family home	Two-family home	Owner-occupied flat	Number	EUR
Munich	–	–	–	–	–
Nuremberg	–	–	–	–	–
Augsburg	–	–	–	–	–
Upper Bavaria	–	–	–	–	–
Lower Bavaria	–	1	–	1	10,000
Upper Palatinate	–	–	1	1	10,000
Upper Franconia	–	–	–	–	–
Middle Franconia	–	–	–	–	–
Lower Franconia	–	–	–	1	10,000
Swabia	–	–	–	–	–
Jointly	1	–	1	3	30,000

The Bavarian Home Ownership Subsidy helped households comprising six people (of which one child) on their path to home ownership.

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	–	–	–	–	–	–
Nuremberg	–	–	–	–	–	–
Augsburg	–	–	1	–	–	–
Upper Bavaria	–	–	–	–	–	–
Lower Bavaria	–	–	–	–	–	–
Upper Palatinate	–	–	–	–	–	–
Upper Franconia	–	–	1	–	–	–
Middle Franconia	–	–	–	–	–	–
Lower Franconia	–	–	–	–	–	–
Swabia	–	–	–	–	–	–
Jointly	–	–	2	–	–	–

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 residential space	Total volume
	Single-family home	Two-family home	Owner-occupied flat	Number	EUR
Munich	–	–	–	–	–
Nuremberg	–	–	–	–	–
Augsburg	–	–	–	1	6,000
Upper Bavaria	–	–	–	–	–
Lower Bavaria	1	–	–	1	6,000
Upper Palatinate	–	–	–	–	–
Upper Franconia	–	–	–	1	3,000
Middle Franconia	–	–	–	–	–
Lower Franconia	–	–	–	–	–
Swabia	–	–	–	–	–
Jointly	1	–	–	3	15,000

Bavarian Baukindergeld Plus helped households comprising nine people (of which five children) on their path to home ownership.

4 Subsidisation of condominium owners' associations

Tab. 4.1 Total subsidies by area of approval

	Flats	%	Loans
Munich	30	14.0	369,000
Nuremberg	–	–	–
Augsburg	–	–	–
Upper Bavaria	134	62.6	473,600
Lower Bavaria	–	–	–
Upper Palatinate	–	–	–
Upper Franconia	6	2.8	45,000
Middle Franconia	9	4.2	20,000
Lower Franconia	–	–	–
Swabia	35	16.4	930,000
Jointly	214	100.0	1,837,600

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			EUR
Munich	24	4,300,000	–	179,167	950,575	39,607	44	4,295,925	97,635
Nuremberg	–	–	–	–	–	–	–	–	–
Augsburg	–	–	–	–	–	–	–	–	–
Upper Bavaria	–	–	–	–	–	–	–	–	–
Lower Bavaria	12	–	401,240	33,437	1,604,960	133,747	–	–	–
Upper Palatinate	20	1,100,000	277,640	–	1,203,960	60,198	–	–	–
Upper Franconia	12	1,800,000	–	–	75,100	6,258	40	4,376,700	109,418
Middle Franconia	13	2,100,000	–	161,538	388,980	29,922	33	3,007,620	91,140
Lower Franconia	–	–	–	–	–	–	–	–	–
Swabia	–	–	–	–	–	–	24	5,083,900	211,829
Jointly	81	9,300,000	678,880	123,196	4,223,575	52,143	141	16,764,145	118,895
Subsequent and residual approvals			–						
Total			678,880						

¹ Of which 35 residential places for workshop participants, 46 residential places for persons with special needs, 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 3 places for persons with special needs, 60 places in support facilities, 30 places in residences with structured day facilities, 0 places in residences with an integrated daily structure and 48 places from the special investment programme for conversion of complex facilities.

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

	Residential places ¹ new builds	Total costs of new builds		
		per residential place	per m ² of residential area	Average size of residential place
		EUR	EUR	m ²
Munich	24	434,627	6,068	72
Nuremberg	–	–	–	–
Augsburg	–	–	–	–
Upper Bavaria	–	–	–	–
Lower Bavaria	12	238,840	4,054	59
Upper Palatinate	20	198,910	3,558	56
Upper Franconia	12	156,258	4,204	37
Middle Franconia	13	348,614	9,725	36
Lower Franconia	–	–	–	–
Swabia	–	–	–	–
Jointly	81	292,376	5,315	55

¹ Not including residential places subsidised solely with grants.

6 BayernLabo loan and grant commitments

Tab. 6.1 BayernLabo loan and grant commitments

	2023							
	Loan and grant commitments (1 of 4)			Residential space				
	Number of cases	Loans in fiduciary business EUR	Loans in proprietary business EUR	Grants in fiduciary business EUR	Own homes RU	Owner-occupied flats RU	Rental homes RU	Residential places RU
A – Subsidies for rental housing								
Bavarian residential construction programme – amortising loan								
Disability plan – new builds	2	678,880	–	–	–	–	–	22
Income-based subsidies – new builds	99	419,218,823	28,080,000	145,526,460	–	–	2,663	–
Expenditure-based subsidies – new builds	3	3,311,700	–	787,400	–	–	15	–
	104	423,209,403	28,080,000	146,313,860	–	–	2,678	22
Bavarian residential construction programme – conditionally non-repayable loans								
Disability plan – new builds – combined subsidy	4	9,300,000	–	4,223,575	–	–	–	59
Disability plan – new builds – grants	8	–	–	16,764,145	–	–	–	141
Loans to structurally adapt properties for people with disabilities	169	1,424,493	–	–	–	–	169	–
Loans to build residential space for students	6	69,699,100	–	–	–	–	–	915
	187	80,423,593	–	20,987,720	–	–	169	1,115
Municipal housing subsidy programme								
Combined subsidy	22	–	58,080,400	42,466,200	–	–	308	–
Grant subsidy	23	–	–	36,017,600	–	–	247	–
	45	–	58,080,400	78,483,800	–	–	555	–
Bavarian modernisation programme								
Subsidies for rental homes	17	–	16,461,100	6,868,900	–	–	271	–
Subsidies for places in nursing homes	2	–	11,151,400	3,310,600	–	–	–	173
Condominium owners' association	7	–	1,837,600	–	–	–	214	–
	26	–	29,450,100	10,179,500	–	–	485	173
Further subsidies								
Creation of energy-efficient rental housing (EERH)	[4]	–	31,065,400	–	–	–	[309]	–
New business under own liability	4	–	52,646,700	–	–	–	–	–
Loans for promoting affordable housing	3	171,942,000	–	33,904,500	–	–	545	–
Modernisation of leasehold flats	–	–	–	–	–	–	–	–
	7	171,942,000	83,712,100	33,904,500	–	–	545	–
Total A – Subsidies for rental housing	369	675,574,996	199,322,600	289,869,380	–	–	4,432	1,310

The residential units 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: BayernLabo loan and grant commitments

	2022						
	Loan and grant commitments (2 of 4)			Residential space			
	Number of cases	Loans in fiduciary business	Loans in proprietary business	Grants in fiduciary business	Own homes	Owner-occupied flats	Rental homes
	EUR	EUR	EUR	RU	RU	RU	RU
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 residential space for students	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 residential units 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: BayernLabo loan and grant commitments

	2023							
	Loan and grant commitments (3 of 4)				Residential space			
	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	286	19,018,200	250,000	4,255,700	271	17	–	–
Purchase of existing residential space	1,091	60,211,560	1,620,000	59,035,200	929	165	–	–
	1,377	79,229,760	1,870,000	63,290,900	1,200	182	–	–
Bavarian residential construction programme – conditionally non-repayable loans								
Loans to structurally adapt properties for people with disabilities	1,962	17,105,092	–	–	1,725	237	–	–
	1,962	17,105,092	–	–	1,725	237	–	–
Bavarian low interest rate loan programme								
Combined subsidy – new builds	[22]	–	3,000,200	–	[19]	[3]	–	–
Combined subsidy – purchases	[98]	–	9,710,800	–	[82]	[16]	–	–
Individual subsidy – new builds	4	–	571,500	–	3	1	–	–
Individual subsidy – purchases	2	–	355,000	–	2	–	–	–
	6	–	13,637,500	–	5	1	–	–
BayernLoan								
Combined subsidy – new builds	[227]	–	36,266,300	–	[213]	[14]	–	–
Combined subsidy – purchases	[871]	–	95,563,000	–	[744]	[127]	–	–
Individual subsidy – new builds	46	–	8,842,400	–	44	2	–	–
Individual subsidy – purchases	108	–	16,056,100	–	87	21	–	–
	154	–	156,727,800	–	131	23	–	–
Further subsidies								
Bavarian Home Ownership Subsidy	3	–	–	30,000	–	–	–	–
Bavarian Baukindergeld Plus	3	–	–	15,000	–	–	–	–
Debt restructuring of subsidised loans (inventories)	–	–	–	–	–	–	–	–
	6	–	–	45,000	–	–	–	–
Total B – Home ownership subsidies	3,505	96,334,852	172,235,300	63,335,900	3,061	443	–	–
C – State and municipal loan business								
Municipal loans	195	–	978,887,888	–	–	–	–	–
Investkredit Kommunal Bayern (Bavarian municipal investment loan)	48	–	94,427,100	–	–	–	–	–
Energiekredit Kommunal Bayern (Bavarian municipal energy loan)	–	–	–	–	–	–	–	–
Inklusionskredit Kommunal Bayern (Bavarian municipal inclusion loan)	–	–	–	–	–	–	–	–
State lending business with the Free State of Bavaria	–	–	–	–	–	–	–	–
Total C – State and municipal loan business	243	–	1,073,314,988	–	–	–	–	–
State-subsidised business in 2023	4,117	771,909,848	1,444,872,888	353,205,280	3,061	443	4,432	1,310

The residential units 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: BayernLabo loan and grant commitments

	2022							
	Loan and grant commitments (4 of 4)				Residential space			
	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 residential space	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	–	–
BayernLoan								
Combined subsidy – new builds	[0]	–	–	–	[0]	[0]	–	–
Combined subsidy – purchases	[0]	–	–	–	[0]	[0]	–	–
Individual subsidy – new builds	–	–	–	–	–	–	–	–
Individual subsidy – purchases	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–
	244	–	644,204,473	–	–	–	–	–
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 residential units 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, Labour and Social Affairs of 1 October 2021, Ref. II1/6434.01-1/107 (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 of the Regulation dated 1 July 2023 (GVBl. p. 508).

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 overridden 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 Social Housing Act (WoFG) dated 13 September 2001 (BGBl. I p. 2376), most recently amended by Article 12 para. 15 of the Citizen's Income Act (Bürgergeld-G) of 16 December 2022 (BGBl. I p. 2328).

Act to Ensure the Purpose of Social Housing in Bavaria (Bavarian Controlled Tenancy Act [Bay-WoBindG]) 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 the Interior, for Building and Transport on 16 March 2022 (BayMBL. No. 204).

Subsidised Housing Programme 2023 (WFB 2023) as published by the Bavarian State Ministry of the Interior, for Building and Transport on 13 April 2023 (BayMBL. No. 206), as amended by the announcement of 1 February 2024 (BayMBL. No. 86).

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 4 of the Telecommunications Amendment Act (TKGÄndG) dated 16 October 2023 (BGBl. 2023 I No. 280).

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. S. 9), last amended by notice dated 1 December 2023 (BayMBl. No. 630).

Ordinance on the Implementation of Social Laws (AVSG) of 2 December 2008 (GVBl. p. 912, 982, BayRS 86-8-A/G), last amended by Sections 2 and 3 of the Ordinance of 15 November 2023 (GVBl. p. 616).

Announcement of the Bavarian State Ministry of the Interior, for Building and Transport concerning the guidelines for the loan programme 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 of the Interior, for Building 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 of the Interior, for Building and Transport on 14 September 2018, ref. 31-4740.4-2-2 (AllMBl. p. 905), expired on 31 December 2020.

Announcement of the Bavarian State Ministry of the Interior, for Building and Transport concerning the guidelines for the loan programme of the 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 (Sport Promotion Guidelines – SportFör) of 5 December 2022 (BayMBl. No. 714).

Announcement of the Bavarian State Ministry of the Interior, for Building and Transport concerning the guidelines for the Bavarian modernisation Programme (BayModR) of 9 March 2022 (BayMBl. No. 201), which was amended by the announcement of 14 April 2023 (BayMBl. No. 217).

Announcement of the Bavarian State Ministry of the Interior, for Building 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 the Interior, for Building and Transport concerning the guidelines for the subsidisation of student accommodation (StudR 2023) of 4 August 2023 (BayMBl. No. 441).

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 Ministries 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 Building 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 8 December 2023 (BayMBl. 2024 No. 6).

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

Provisions for subsidising the construction and purchase of homes for public-sector employees (FöWoS) issued by the Bavarian State Ministry of Finance and Regional Identity on 1 August 2023 (Gz. 24 – VV 8070- 2/4).

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 lie 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 Regional Identity
Munich

Prof. Dr Roland Fleck

Managing Director
NürnbergMesse GmbH
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Erwin Schneider

Chief District Administrator
Altötting

Dr Klaus-Peter Potthast

Under Secretary
Bavarian State Ministry of Economic Affairs, Regional Development and Energy
Munich
since 1 March 2024

Dr Ulrike Wolf-Prexler

Deputy Secretary
Bavarian State Ministry of Economic Affairs, Regional Development and Energy
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until 31 January 2024

BayernLB Board of Management

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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

Christian Wunderlich

Member of the BayernLabo Management

9 Your contacts

The Management team



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Builder-owner: Würzburg Foundation for the Blind, Würzburg
Planner: Georg.Scheel.Wetzel Architekten, Berlin
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Planner: H2M Architekten, Munich/Kulmbach
Photo: Sebastian Schels, Munich

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Builder-owner: Katholisches Wohnungsbau- und Siedlungswerk der Diözese Regensburg GmbH, Regensburg
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Photos: Manfred Blasch, Regensburg

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"Großer Berg" municipal housing development, Olching
Municipal housing subsidy programme
Builder-owner: city of Olching
Planner: Hirner & Riehl Architekten, Munich
Photo: Sebastian Schels, Munich

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Multi-generational living in Penzberg
Income-based subsidies
Builder-owner: MARO Genossenschaft eG, Ohlstadt
Planner: Brems Manfred and Asanger-Strobl Petra, Peiting
Photo: Tanja Schmid, MARO Genossenschaft, Munich

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Deggendorf student residence
Subsidies for student accommodation
Builder-owner: Studentenwerk Niederbayern/Oberpfalz
Planner: karlundp Gesellschaft von Architekten mbH, Munich
Photo: Connolly Weber Photography GbR, Munich

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New kindergarten in Vierkirchen
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Builder-owner: municipality of Vierkirchen
Planner: Architekturbüro Obereisenbuchner, Pfaffenhofen a. d. Ilm
Photo: BayernLabo

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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
APP	asset purchase programme
Art.	article
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
BEG EM	Federal Subsidy for Energy-efficient Buildings – individual measures
BEG WG	Federal Subsidy for Energy-efficient Buildings – residential buildings
BetrKV	Regulation on the Structure of Operating Costs (Operating Costs Regulation)
BGBL	Federal Law Gazette
BKG+	Bavarian Baukindergeld Plus
BMJ	Federal Ministry of Justice

BÜG	Act on the Assumption of State Guarantees and Guarantees by the Free State of Bavaria
CPI	consumer price index
CRR	Capital Requirements Regulation
CTA	contractual trust arrangement
DEAP	digitalised expert workplace for credit
DRRM	decentralised reputational risk manager
EBS	expenditure-based subsidies
ECB	European Central Bank
EHZR	Guidelines for the granting of a subsidy for the construction or acquisition of housing for owner-occupied purposes (Bavarian Home Ownership Subsidy)
EIB	European Investment Bank
EnMWR	guidelines for the energy-efficient rental housing loan programme
ESG	Environmental Social Governance
EU	European Union
Fed	Federal Reserve System (US central banking system)
FMBl.	Official Gazette of the Bavarian State Ministry of Finance, Regional Development and Regional Identity
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
HCPI	harmonised consumer price index
HGB	German Commercial Code
IBS	income-based subsidies
ISS	Institutional Shareholder Services
KfW	Kreditanstalt für Wiederaufbau
KISS	customer information and service system
KommWFP	municipal housing subsidy programme

LNG	liquified natural gas
LR	Landwirtschaftliche Rentenbank
OT	district
OZG	Act to Improve Online Access to Administrative Services (Online Access Act)
para.	paragraph
PEPP	pandemic emergency purchase programme
ref.	reference number
RH	rental housing
RU	residential unit
SDGs	Sustainable Development Goals
SGB	German Social Code
SportFÖR	Guidelines on the Granting of Allowances by the Free State of Bavaria for the Promotion of Extracurricular Sports (Sports Promotion Guidelines)
StMB	Bavarian State Ministry of the Interior, for Building and Transport
StMFH	Bavarian State Ministry of Finance and Regional Identity
StudR	guidelines for the subsidisation of student accommodation
TLTRO	targeted longer-term refinancing operations
WFB	Subsidised Housing Programme
WoFG	Subsidised Housing Act
WoFlV	Regulation on Calculating Residential Space

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