

## IV Outlook

### 1 Economic conditions

The projected developments in the economic environment underlying this outlook are based on the future trajectory of macroeconomic conditions deemed most probable by DZ BANK. These form the basis for the forecasts of financial position and financial performance. Potential adverse macroeconomic developments that diverge from the projection and give rise to material risks for the DZ BANK Group are addressed and examined in detail in the risk report, primarily in chapter VI.5.2. Opportunities arising from economic conditions that are more favorable than predicted are presented in chapter V.3.1 of the opportunity report.

#### 1.1 Global economic trends

The past year was a challenging time for the global economy. It was dominated by the new US administration's tariff policy and saw massive hikes in tariffs on imports into the United States and a great deal of uncertainty in international trade. These adverse factors will continue to weigh on the global economy in 2026, albeit in a slightly diminished form. The US tariffs eventually settled at a more moderate level, partly thanks to the many bilateral trade agreements reached. DZ BANK believes that these agreements should also help to calm nerves in the global trade environment. This belief is already being backed up by relevant indicators.

Nonetheless, tariffs on imports into the United States remain many times higher than they were at the start of 2025, which will hold back global trade on the whole. Moreover, the different tariff levels are distorting competition among the United States' trading partners, causing shifts in trade flows. The tightening of tariff policy has hit the People's Republic of China particularly hard, and its direct imports to the United States have fallen by around a third. China is now redirecting these goods into other countries, from where some of them are reaching the United States indirectly, while others are forcing their way into the market in these countries and competing for market share. As the US government is trying to block China's diversion strategy, competition from Chinese products is likely to continue to increase in many countries.

In addition, the bilateral trade agreements with the United States impose less favorable competition conditions on its trading partners. They were forced to make considerable concessions, such as no tariffs on US imports into their domestic markets, commitments to buy US products, and promises to invest in the United States. There is also a concern that Washington will continue to introduce erratic policies and that tariffs will be used as a way of exerting pressure whenever the need arises. DZ BANK therefore believes that 2026 will be another year of heightened political uncertainty.

Despite the shock-like effects from the tightening of US tariff policy, the global economy has proved remarkably resilient so far because new growth drivers have emerged that were able to cushion the impact of tariffs. High levels of capital expenditure in the field of artificial intelligence (AI) in the United States and the opening up of new sales markets for Chinese exports should continue to bolster the global economy in 2026. Furthermore, the German government's decisions to increase government debt in order to invest in infrastructure and defense have paved the way for an economic rebound. The price of crude oil should also benefit the global economy as it is expected to remain at a low level due to excess supply. In DZ BANK's view, global economic growth is likely to pick up over the course of 2026, although the average for the year at 3.2 percent will be slightly lower than the growth rate achieved in 2025 of 3.4 percent.

The various conflicts around the world and the resulting trade frictions are also holding back the global economy. These developments are covered in chapter VI.5.2.1 of the risk report.

#### 1.2 Trends in the USA

The US economy has shown itself to be resilient so far, despite all the uncertainties surrounding tariffs. Companies are not rushing to pass on the costs of the tariffs to consumers. Although US inflation is expected

to accelerate in 2026, it will only be at a moderate rate, thus limiting the loss of households' purchasing power. Wealthier households, in particular, will benefit from asset gains resulting from the healthy performance of the stock markets. Consumer spending is thus likely to remain a mainstay of the US economy. In addition, capital expenditure on data centers and software will be stepped up significantly and should provide a material boost to US economic growth in 2026. Further stimulus is anticipated from the package of tax cuts dubbed the 'One Big Beautiful Bill Act' (OBBBA), which includes investment incentives. The US economy is predicted to grow by 3.1 percent in 2026, compared with 2.2 percent in 2025.

The unpredictability of the current US administration poses a particular risk, not least in view of the upcoming congressional elections in November 2026. New trade disputes cannot be ruled out either. The agreement entered into with China, which has a term of just one year, appears especially precarious. In addition, the North American free trade agreement (USMCA – United States-Mexico-Canada Agreement) is up for review in summer 2026, which could also lead to tensions. However, the proceedings pending before the Supreme Court regarding the lawfulness of most of the tariffs imposed are unlikely to fundamentally change US trade policy.

### 1.3 Trends in the eurozone

Despite the tricky foreign trade environment, the eurozone held up relatively well in 2025. This was partly due to the beneficial effects at the start of the year that resulted from trade with the United States being brought forward. However, the lasting adverse impact of the tariffs caused growth to falter over the course of the year. The negative effects of US tariff policy are weighing more heavily on countries in which industry makes a significant contribution to value creation and that have a strong focus on exports to the US, such as Germany and Italy. In summer 2025, the European Commission and the US government agreed a tariff deal that notably provides tariff relief for the automotive industry and protects the pharmaceutical industry against tariff rises. Overall, however, the tariffs now represent a significantly higher burden than they did at the start of 2025, which means that exports from the eurozone are likely to be noticeably slower in 2026.

By contrast, demand from within Europe should provide stronger growth stimulus. This will primarily be driven by greater levels of investment, particularly in Germany. A key factor in this is the stepping up of defense efforts in connection with the NATO resolutions adopted in June 2025, under which member countries committed to increasing their defense spending to 3.5 percent of economic output. Another 1.5 percent is to be spent in areas relevant to defense, such as infrastructure. Overall, the eurozone is expected to see slightly weaker economic growth of 1.2 percent in 2026 (2025: 1.5 percent), although the economy is predicted to gain momentum over the course of the year. At country level, the biggest member states are likely to see a slight shift in the growth picture. Germany should be able to move up from last place thanks to its debt-funded boost to investment, whereas Italy and France will fall behind. Spain is anticipated to claim the top spot thanks to its stronger focus on services.

Over the course of 2025, upward pressure on consumer prices eased only slightly. The appreciation of the euro, the slower pace of wage growth, and a year-on-year decrease in energy prices indicate that inflation will continue to fall in the first few months of 2026. As the year goes on, however, upward pricing pressures are likely to pick up a little once the economic rebound gathers strength. Nevertheless, the expected average rate of inflation for the year of 1.9 percent is just below the target of the European Central Bank (ECB).

### 1.4 Trends in Germany

The aggressive tariff policy introduced by the United States hit an already weakened German economy, which had seen two consecutive years of recession in 2023 and 2024. Economic output dipped briefly during 2025 too. Over the year as a whole, the German economy only just avoided being stagnant, registering modest growth of 0.2 percent.

However, the planned material increase in government capital expenditure has temporarily brightened the German economy's growth prospects somewhat, despite persistent structural challenges and the failure so far to introduce reforms. The coalition government formed by the CDU/CSU and SPD created a special off-budget infrastructure fund of €500.0 billion and changed the debt brake in the German Constitution in order to

increase spending on defense. Nevertheless, there are likely to be initial delays in implementing the public-sector investment projects. Overall, therefore, the increased government demand in 2026 should fuel a revival of the German economy that will gather pace as the year progresses. The biggest effects of this domestic-led recovery are likely to be seen in capital expenditure and government consumption, whereas the new foreign trade environment shaped by the ongoing impact of US tariffs and growing competition from China will cause a slight decline in exports. Based on the assumptions used in the outlook, DZ BANK anticipates economic growth of 1.2 percent in 2026. However, the fiscal policy boost will not fix the underlying long-term weakness of growth.

The lackluster economic environment meant that the unemployment rate in Germany rose to 6.3 percent in 2025. In 2026, the improvement in economic conditions should help to ease the pressure on the labor market, allowing unemployment to fall again slightly. DZ BANK expects unemployment to edge down to 6.2 percent.

Inflation is likely to ease further in the first half of 2026. The rate of inflation could briefly dip below 2 percent on the back of lower energy prices. But the government-induced economic upturn will probably lead to capacity bottlenecks and thus rising prices in some subsegments of the economy, causing inflationary pressures to grow again over the course of the year. The average inflation rate for 2026 is therefore anticipated to be 2.1 percent, which is a little lower than the 2025 rate of 2.3 percent.

### 1.5 Trends in the financial sector

The federal funds rate of the US central bank (Fed) was cut to its current target range of between 3.5 percent and 3.75 percent in the second half of 2025. Until mid-2025, the ECB decreased the main refinancing operations interest rate in the eurozone in several stages to 2.15 percent, where it has remained ever since. DZ BANK anticipates that the target range for the federal funds rate will fall further in 2026, whereas the ECB rate will hold steady. The risks arising from scenarios involving unexpected changes in interest rates are examined in chapter VI.5.2.6 of the risk report.

The real estate markets started to stabilize in 2025, and there were signs of a cautious trend reversal toward the end of the year. However, DZ BANK believes that the underlying market movements continue to paint a mixed picture. Following the corrections, property prices are edging back up overall. Most notably, residential real estate has become slightly more affordable again thanks to the rise in incomes. Demand for commercial real estate is more muted because the market is still weighed down by vacant properties and low rents. Overall, the situation differs considerably from region to region and is influenced by qualitative real estate features, although the main segments are continuing to see sustained high demand and low supply. DZ BANK therefore predicts that this piecemeal upward trend will continue in 2026.

Conditions in the equity markets were encouraging overall in 2025, and DZ BANK predicts further rises for the DAX, EURO STOXX, and S&P 500 in 2026. This uptrend will be driven by robust domestic demand, expansionary fiscal policy, and ongoing capital expenditure on technologies of the future, such as AI, that will contribute to long-lasting profit growth. Moreover, the implementation of Germany's fiscal package from 2026 onward will bolster the investment climate and provide additional growth impetus, making further share price increases likely in the year ahead. With regard to the EUR/USD exchange rate, the DZ BANK Group expects the euro to appreciate against the US dollar in the long term.

The financial sector continues to face both cost pressures and pressure to adapt as a result of ongoing structural changes and growing price competition. These pressures represent an additional challenge on top of the economic factors. To counter them, existing business processes need to be optimized and made more efficient by digitalizing them. At the same time, existing business models need to be reviewed and adapted if required.

The implementation of future EU banking regulations will result in further changes for the financial sector too. The sector has already reduced its leverage by improving capital and liquidity adequacy and has also strengthened its risk-bearing capacity. Nevertheless, the supervisory authorities' agenda of reforms will continue to necessitate adjustments. Despite efforts to cut bureaucracy, a challenge in this regard remains implementing these regulatory requirements in overall business management, risk management, and reporting

systems, especially the many rules set out in the standards relating to the environment, social matters, and responsible corporate governance (ESG).

## 2 Financial performance

In 2026, the DZ BANK Group will continue to pursue its strategic objectives in the context of its role within the Cooperative Financial Network. In an environment that remains challenging in terms of both market and competition, this means, for example, rigorously exploiting potential business in collaboration with the cooperative banks, while at the same time maintaining the planned implementation of various initiatives focused on the digitalization and sustainability of the DZ BANK Group along the entire value chain.

The forecasts below are based on the outcome of the DZ BANK Group's annual planning process. Further information on the planning process can be found under 'DZ BANK Group fundamentals' (chapter I.2.4). Potential variances during 2026 from the underlying planning scenario, in the form of opportunities and risks, may have an influence on financial performance. These uncertainties are monitored continuously and factored into the DZ BANK Group's planning, reporting system, and management.

**Net interest income**, including net income from long-term equity investments, is expected to decline slightly in 2026. This is due to accounting-related effects with a positive impact on net interest income but a countervailing negative impact on gains and losses on trading activities. These effects contributed to an increase in net interest income in 2025 but are not expected to materialize again to the same extent in 2026.

A small year-on-year reduction in **net fee and commission income** is projected for 2026, which will thus remain a mainstay of the DZ BANK Group's earnings.

**Gains and losses on trading activities** are likely to improve considerably in 2026. This will be due not only to a higher net gain in the DZ BANK – CICB operating segment in the forecast period but also to the accounting-related effects mentioned under net interest income that adversely affected gains and losses on trading activities in 2025.

Following the exceptionally good level recorded in 2025 on the back of an unusually low claims rate, **net income from insurance business** will likely normalize in 2026 and be at a substantially lower level.

The DZ BANK Group's **expenses for loss allowances** are forecast to rise markedly in 2026 compared with 2025. This is mainly attributable to the inclusion in the planning of a noticeable rise in expenses in the DZ BANK – CICB operating segment, which is expected in light of the forecast geopolitical and macroeconomic conditions.

A further moderate increase in **administrative expenses** is projected for 2026. The biggest influence on this line item is expected to be the level of general and administrative expenses in the DZ BANK – CICB and UMH operating segments.

In 2025, **profit before taxes** was boosted first and foremost by the exceptionally good level of net income from insurance business, which is expected to be lower again in 2026. Profit before taxes is anticipated to be around €3 billion in 2026. This is substantially lower than in 2025 but represents a normalized figure when viewed in the context of a multi-year comparison.

The **cost/income ratio** is likely to see a clear rise in 2026 because income will fall back noticeably while administrative expenses will increase moderately.

At the same time, **regulatory RORAC** will decline sharply again in 2026 due to the exceptionally high profit before taxes achieved in 2025 combined with an only slightly higher base rate of return used in the calculation.

### 3 Financial position

In 2026, the DZ BANK Group's **total assets** are expected to be slightly lower than their level in 2025.

The **capital adequacy** of the DZ BANK Group, the DZ BANK financial conglomerate, and the DZ BANK banking group is expected to be assured for 2026 based on the forecasts that applied at the time of preparation of this group management report, from both an economic and a regulatory perspective; that is to say, they have sufficient available internal capital and eligible own funds that can be drawn on to cover the risks measured as at the reporting date.

Over the last few years, the DZ BANK Group has greatly strengthened its capital base from its own resources (through the retention of profits) and through corporate action. In 2026, a high priority will once again be given to strengthening the capital base in order to ensure stable capital ratios. For 2026, DZ BANK anticipates that the DZ BANK Group's **common equity Tier 1 capital ratio** will be up slightly year on year, staying above 18 percent.

Further information on the capital adequacy measured as at the reporting date can be found in the risk report (chapter VI.7).

Based on the forecasts that applied at the time of preparation of this group management report regarding the anticipated liquidity risks and predicted levels of available liquidity, the **liquidity adequacy** of the DZ BANK Group and the DZ BANK banking group is expected to be assured for 2026, from both an economic and a regulatory perspective.

The **minimum liquidity surplus (MLS)**, which is a measure of economic liquidity adequacy, is predicted to decline significantly in 2026 compared with the level at the end of 2025 but will remain above €20.0 billion.

The **liquidity coverage ratio (LCR)** is likely to fall markedly but remain above 140 percent.

The **net stable funding ratio (NSFR)**, which expresses regulatory liquidity adequacy, is expected to be slightly lower in 2026 but remain above 120 percent.

Further information on the liquidity adequacy measured as at the reporting date can be found in the risk report (chapter VI.6).

### 4 Operating segments in detail

The statements made below regarding the changes relate solely to the forecasts for the individual management units. The impact on the Group's profit before taxes will vary depending on the relative importance of the individual management unit to the total amount for the line item in question.

#### 4.1 BSH

The German real estate market was faced with both growth stimulus and restrictive factors at the end of 2025 and start of 2026. The structural drivers that are likely to be the main sources of momentum for the housing market in the year ahead are the ongoing shortage of homes in major conurbations, demographic change, and government measures to encourage housebuilding and energy efficiency improvements. However, the elevated level of interest rates on building loans and persistent increases in construction costs will continue to act as a brake on new construction. Other adverse factors will be the scarcity of available land, bottlenecks in the supply of materials, and high regulatory requirements, especially in relation to climate change mitigation. This is also reflected in the leading indicator for housebuilding: According to the data available from the German Federal Statistical Office up to October 2025, planning permission was granted for around 195,400 homes in the period January to October 2025. Extrapolated for the year as a whole, the number of building

permits is thus above the very low level seen in 2024 (215,900) but remains at a historically low level overall. Given that completion generally occurs roughly two years after planning permission has been granted, completion rates are likely to be modest in 2026 too, with the Institut der deutschen Wirtschaft (IW) [German Economic Institute] anticipating that around 215,000 homes will be completed in 2026 (2025: 235,000). In contrast to housing starts, the market for existing real estate is expected to be more robust in 2026. Owner-occupiers are likely to increasingly opt for existing properties instead of new-builds; confidence in the viability of finance will probably grow amid a more stable interest-rate environment and improved purchasing power. In addition, the difficult situation in the rental accommodation market is causing some demand to shift to existing properties. The revised EU Energy Performance of Buildings Directive (EPBD), which has to be transposed into national law by no later than May 29, 2026, sets out binding requirements regarding the energy efficiency of residential buildings. This will result in private owners having to invest more heavily in order to make energy efficiency improvements. It should also lead to stable demand for financing solutions based on a home savings contract that enable customers to make long-term plans. Moreover, the fixed interest rates dating back to the phase of historically low interest rates will end for a considerable proportion of home finance contracts in 2026. The resulting refinancing will provide Bausparkasse Schwäbisch Hall AG with the opportunity to strengthen existing customer relationships and to generate new business in a targeted manner.

Despite the general uncertainties that prevail, the expectations regarding the BSH operating segment's business performance in 2026 are characterized by cautious optimism.

Bausparkasse Schwäbisch Hall AG predicts a higher lending volume in its home finance business, primarily driven by finance for existing properties and for energy efficiency measures; since 2024, it has been possible to use credit from Riester savings products to fund these. The elevated level of interest rates is continuing to have a positive impact on demand for home savings loans. Bausparkasse Schwäbisch Hall AG expects the volume of new business in this product area to remain at the good level seen in the reporting year.

In the home savings business, only a moderate improvement in the volume of new business is projected owing to ongoing heightened uncertainty and the muted prospects for the wider economy. This assumption reflects subdued demand from private households and the still volatile conditions in the home finance market.

Nonetheless, the BSH operating segment anticipates a much improved **profit before taxes** in 2026.

The anticipated marked year-on-year rise in **net interest income** should play a key part in this improvement. This rise will be chiefly driven by the growth of home finance business, supported by the cost-efficient raising of funds by means of Pfandbriefe. The higher average interest rates on non-collective loans are expected to have a positive impact too. The expanding volume of home savings loans is also likely to contribute to the rise in net interest income.

Significant growth in new home finance business and a moderate increase in new home savings business are predicted to result in a substantial decline in **net fee and commission income**.

In the lending business, a small rise in **loss allowances** is anticipated, mainly because the macroeconomic situation remains subdued. The still resilient labor market will help to keep credit risk in check.

**Administrative expenses** are projected to rise slightly in 2026 as a result of inflation. Modernization of the IT platforms as part of the Next Level BauFi ('next-level home finance') project and the introduction of the instantly available home finance product 'SofortBaugeld 2.0' will necessitate the targeted use of resources. The effect of these should be partly offset by increased efficiency resulting from the centralization of product, price, and rule configurations in the pricing engine system, supported by existing measures to manage costs.

The anticipated sharp drop in **other net operating income** is primarily attributable to the reversals of other provisions included in the figure for 2025.

From the current perspective, a moderate decrease in the **cost/income ratio** and a sharp rise in **regulatory RORAC** are expected.

#### 4.2 R+V

The year under review offered favorable conditions for the insurance industry, providing fertile ground for profitable growth. Non-life insurance particularly benefited from the exceptionally benign claims situation. The frequency and intensity of major claim events were lower than in the previous year, which had a positive impact on claims rates. The reinsurance sector also benefited from a moderate level of major claims that remained within budget and boosted the good financial performance. Bolstered by higher single premiums, life insurance stabilized across the sector.

Given the macroeconomic risk factors and geopolitical tensions, 2026 is expected to present difficult conditions. In view of the current volatile changes in the macroeconomic environment, R+V is continuing to align its investment activity with its strategic asset allocation while adhering to the principles of mixed investment and diversification, and ensuring sufficient fungibility. It is thus adjusting the allocation rules in order to manage risks, particularly those stemming from unexpected developments.

R+V – the composite insurer in the Cooperative Financial Network – is planning for growth at a normalized level in 2026. The claims rate trend is predicted to be in line with long-term empirical values and will no longer be influenced by the exceptionally favorable claims situation seen in 2025.

R+V therefore anticipates that, in 2026, the financial performance of its business as a whole will not match the exceptionally strong performance recorded in the reporting year. Consequently, **profit before taxes** is forecast to be considerably lower than in 2025.

**Gains and losses on investments held by insurance companies** are projected to deteriorate moderately year on year in 2026, based on the capital market parameters that are expected. By contrast, there will be a clear improvement in the countervailing **insurance finance income or expenses**, which essentially represents policyholder participation in gains and losses on investments held by insurance companies.

The **non-life insurance** division is expected to continue to grow as planned in 2026. It is likely to generate a moderate increase in insurance revenue and a modest rise in premiums received. The combined ratio (net) is thus projected to climb markedly from the exceptionally low level registered in the reporting year.

In the **life and health insurance** division, insurance revenue is expected to hold steady in 2026 compared with 2025. Premiums received will probably show a moderate decline. The contractual service margin will rise slightly in 2026 compared with the level in 2025, while its amortization will decrease noticeably.

The **inward reinsurance** division is predicted to achieve a marked increase in insurance revenue and moderate growth of premiums received. The combined ratio (net) is projected to rise sharply from the exceptionally favorable level of the reporting year.

**Regulatory RORAC** will see a strong decline in 2026 owing to the very high level of profit before taxes in 2025.

#### 4.3 TeamBank

In collaboration with the cooperative banks and in accordance with its long-term strategy, TeamBank is aiming to generate profitable and sustainable growth in 2026 at a rate that is higher than that of the market. This is predicted to result in a small increase in **net interest income**.

As fees and commissions paid are expected to hold steady and bonus payments to partner banks are likely to rise markedly, a moderate decrease in **net fee and commission income** is forecast.

**Administrative expenses** are expected to remain more or less unchanged in 2026 compared with 2025.

A further small rise in **loss allowances** is forecast for 2026 in view of increasing new business and portfolio growth combined with a risk situation that remains elevated. This will weigh on profit before taxes in 2026.

Given this risk situation, TeamBank forecasts that it will generate a **loss before taxes**, albeit one that is noticeably better than the 2025 figure.

The **cost/income ratio** for 2026 is predicted to fall slightly year on year.

#### 4.4 UMH

The capital market environment has brightened slightly in recent months, and UMH is planning to continue on its profitable growth path in 2026. To this end, it is continuing to work on its successful sales strategy and on ensuring the company is in a robust position and well equipped for the future. UMH is focusing on the topics of strategic importance for the coming years. Its five major areas of growth – customer focus, active asset manager, sustainability, digitalization, and organizational model – will continue to apply in 2026. The focus on these areas is intended to ensure that the business model is profitable and robust.

The main external influence on UMH besides the capital markets is regulation. Burgeoning regulatory requirements are resulting in significantly higher spending on projects, personnel, and systems. UMH believes that there is no end to this trend in sight. It therefore remains relevant and, where foreseeable at the time of planning, UMH takes it into account in its planning.

Achieving the objectives described above – primarily securing UMH's competitiveness and satisfying the growing regulatory requirements – calls for substantial capital expenditure and this has been factored into the planning.

UMH is aiming for stability in the average level of assets under management in 2026. A sharp year-on-year decline in new business is expected owing to the exceptionally high level of net inflows in 2025. The overall performance of the portfolio is predicted to be just into positive territory in 2026.

**Net fee and commission income** for 2026 is projected to be slightly lower than in the year under review. This is due to a sharp decrease in the income expected from performance-related management fees and a small reduction in volume-related net fee and commission income.

A substantial deterioration in **net financial income/net finance costs** – comprising net interest income, gains and losses on investments, and other gains and losses on valuation of financial instruments – is likely in 2026, largely because of an anticipated sharp negative change in the effect from the valuation of guarantee commitments for investment products and from a significantly lower contribution from the investment fund units held as part of own-account investing activities.

**Administrative expenses** are projected to rise slightly in 2026. **Staff expenses** at UMH will hold steady. Based on current assessments, **general and administrative expenses** will rise markedly, largely because of higher expenses for consultancy and public relations/marketing as well as an increase in other general and administrative expenses. A moderate decline in depreciation and amortization charges is predicted in 2026.

A significant decrease in **other net operating income** is expected, mainly because the planning does not include any income from the remeasurement of provisions. However, a number of factors will boost other net operating income, such as the absence of restructuring expenses.

Based on the factors described above, a moderate year-on-year decline in **profit before taxes** is projected for 2026.

From the current perspective, a moderate increase in the **cost/income ratio** and a significant fall in **regulatory RORAC** are expected.

If a judgment of the Nuremberg-Fürth regional court in the legal proceedings brought by Verbraucherzentrale Baden-Württemberg e. V. [Baden-Württemberg Consumer Association] against ZBI Fondsmanagement GmbH (case no.: 4 HK O 5879/24) becomes final and binding and then sets a precedent that has to be followed by the entire sector, this will likely have a negative impact on sales of open-ended mutual real-estate funds. The question of law to be decided has been submitted to the court of appeal at the Court of Justice of the European Union (CJEU) for a preliminary ruling. The proceedings at the regional court in Germany have therefore been suspended until this ruling has been made, which is likely to take between 12 and 18 months. Further developments currently depend on too many uncertainties to be able to reliably determine the quantitative impact at present.

#### 4.5 DZ BANK – CICB

In view of the economic conditions and the ongoing geopolitical tensions, DZ BANK expects the financial markets to be subject to significant volatility and uncertainty in 2026. The bank is tackling these challenges with various growth initiatives that are likely to initially cause costs to rise at a faster rate than the anticipated level of inflation.

In view of the changes in the line items described below, **profit before taxes** in the DZ BANK – CICB operating segment is projected to fall sharply in 2026.

A small increase in **net interest income** (excluding income from long-term equity investments) is expected in 2026.

In the lending business, year-on-year growth in the lending volume is forecast that will lead to a moderate rise in net interest income.

In the money market and capital markets business, net interest income is predicted to remain level with 2025.

**Net fee and commission income** is expected to be slightly lower in 2026 than it was in 2025.

Within this line item, net fee and commission income is projected to edge down in the Corporate Banking business line; it is expected to fall markedly in the Capital Markets business line, primarily due to lower fund sales commission. This will be partly offset by a modest increase in net fee and commission income in the Transaction Banking business line.

**Gains and losses on trading activities** are likely to improve significantly in 2026 because IFRS-related effects will have far less of an impact. The growth initiatives that have been launched are expected to lead to a small improvement in gains and losses on operating trading activities.

The net figure under **other gains and losses on valuation of financial instruments** is anticipated to improve considerably in 2026. In 2025, other gains and losses on valuation of financial instruments reflected negative credit-risk-related measurement effects relating to financial assets measured using the fair value option. The adverse impact of these is predicted to be substantially less in 2026. The net gain from ineffectiveness in hedge accounting that was recognized in 2025 is not expected to be repeated in 2026.

**Gains and losses from the derecognition of financial assets measured at amortized cost** are not anticipated in 2026.

Given the geopolitical and economic forecasts, a relevant level of **loss allowances** is likely to be required. Noticeably higher net additions are anticipated to be required relative to 2025.

**Administrative expenses** are projected to rise markedly in 2026 owing to expenses for strategic initiatives and a higher contribution to the BVR deposit guarantee fund.

**Other net operating income** is set to be substantially lower than in the reporting year owing to the expected reduction in income from the reversal of provisions and accruals.

Current assessments show that the **cost/income ratio** will go up moderately in 2026 as income is expected to hold steady while administrative expenses will rise.

With slightly higher capital requirements, **regulatory RORAC** is currently predicted to fall sharply in 2026 due to a significant reduction in profit before taxes.

#### 4.6 DZ HYP

The real estate market was influenced by a subdued economy in 2025, although price movements varied between asset classes. In the market for investments in residential property, transactions were down year on year. However, sustained high demand and the shortage of supply – especially in major conurbations – mean that further rent rises and the stabilization of property values are expected in 2026. The volume of commercial real estate transactions varied between segments in 2025: Whereas demand rebounded slightly overall in the office segment, particularly in the case of properties that are modern, centrally located, and ESG-compliant, vacancy rates remained high in peripheral locations. Overall, the markets are expected to stabilize in 2026, accompanied by a slight rise in rents and an improvement in investment conditions thanks to favorable market parameters.

**Net interest income** in 2026 is projected to be a little lower than the 2025 figure. DZ HYP anticipates that business activities will remain stable, based on reasonable lending margins combined with a volume of new real estate finance business that will be roughly the same as in 2025.

Current assessments show that credit spreads in public-sector finance are likely to widen in 2026. However, 2026 is expected to see a substantial improvement in **other gains and losses on valuation of financial instruments** compared with 2025, primarily due to declining negative liquidity-spread-related valuation effects.

**Loss allowances** in 2026 are projected to be slightly higher than in the reporting year.

Greater regulatory requirements and the digital transformation of DZ HYP are having a negative impact on **administrative expenses**, with the result that this figure is expected to be up noticeably on the 2025 figure.

Based on a stable operating performance, but particularly because of the substantial improvement in other gains and losses on valuation of financial instruments and rising administrative expenses, **profit before taxes** in 2026 is predicted to be just above the 2025 figure.

The **cost/income ratio** is expected to rise moderately.

With a small rise in profit for taxes predicted for 2026, **regulatory RORAC** is likely to decline a little due to the slightly higher regulatory base rate of return used in the calculation.

#### 4.7 DZ PRIVATBANK

DZ PRIVATBANK's operating business is expected to see a moderate increase in the volume-related key figures in its business lines.

**Net interest income** will probably decline slightly in 2026 due to reduced income in money market business and from interest on deposits.

**Net fee and commission income** is likely to rise markedly in 2026. The assets under management in private banking are projected to rise because of planned increases in inflows. The main value driver is fund volume, and the volume of funds held by DZ PRIVATBANK is expected to increase.

**Gains and losses on trading activities** are forecast to improve slightly in 2026 because customer-driven transaction figures are likely to be higher.

A moderate increase in DZ PRIVATBANK's **administrative expenses** is projected for 2026.

Based on current forecasts and the changes described above, a moderate decrease in **profit before taxes** is expected for 2026.

The **cost/income ratio** for 2026 is likely to be slightly higher than in the reporting year, while **regulatory RORAC** will probably increase significantly due to the lower base rate of return used in the calculation.

#### 4.8 VR Smart Finanz

In 2026, VR Smart Finanz will continue to pursue a decentralized approach with the aim of providing the best possible support to the cooperative banks as their strategic partner in the corporate customer business. It will also focus on meeting their business customers' need for digital solutions that can be obtained quickly and easily.

Economic conditions are expected to gradually normalize in 2026, with a progressive return to growth. However, the recession and crises of previous years will continue to have an effect, and there will be a time lag before the environment for VR Smart Finanz and its customers starts to improve. Investment activity on the part of small businesses will pick up slowly, and VR Smart Finanz is likely to see a moderate year-on-year increase in new business in 2026. As a result of the planned steady reduction in the volume of development lending, the portfolio mix is continuing to shift toward higher-margin focus products. Consequently, a substantial **improvement in the loss before taxes** is anticipated in 2026, but against a backdrop of continuing challenges over the coming year, it is likely to remain at a noticeable level.

VR Smart Finanz is continuing to gain relevance as a strategic partner to the cooperative banks thanks to the support that it provides in the local cooperative banks' sales processes and the ongoing development of its product portfolio. There are also ongoing efforts to develop the new sales channels through the continual expansion of systematic joint marketing efforts. In view of these steps and the assumption that investors in Germany will gradually become less reticent, moderate growth in the volume of new business and existing business is anticipated. Consequently, **net interest income** and **net fee and commission income** are expected to rise markedly.

The piecemeal normalization of macroeconomic conditions and risk-reduction measures that were introduced in 2025 and will gradually take effect in 2026 are likely to result in a lower-risk product/customer mix than in the reporting year, so a significant reduction in **expenses for loss allowances** has been budgeted.

A slightly lower level of **administrative expenses** than in 2025 and a noticeable increase in income should lead to a marked improvement in the **cost/income ratio**.

#### 4.9 DZ BANK – holding function

A moderate increase in the **loss before taxes** is forecast for 2026.

**Net interest income** in 2026 is projected to be slightly higher than in 2025. This forecast is mainly due to changes in average interest rates in the balance of expenses for the funding of long-term equity investment carrying amounts and income from the investment of capital.

A marked rise in **administrative expenses** is predicted for 2026.