IV Outlook

1 Economic conditions

The outlook for the macroeconomic environment provides the basis for projections for 2026 regarding financial performance and financial position. Any adverse macroeconomic factors that present a material risk to the DZ BANK Group are addressed and examined in detail in chapter VI.3 of the risk report. Opportunities arising from favorable factors are presented in chapter V.3.1 of the opportunity report.

1.1 Global economic trends

The conflict between the United States and Iran, which has been ongoing since the end of February 2026, has had a major influence on economic conditions in the year to date. For five months now, the Strait of Hormuz has been virtually impassable for shipping. DZ BANK currently continues to assume that the United States and Iran will manage to reach a diplomatic agreement. This assumption rests primarily on the upcoming mid-term congressional elections in the United States, in which the Republicans may potentially lose their majority in at least one of the two chambers that form the US Congress. Consequently, the US President is under a great deal of political pressure to end the war. There is no doubt that the United States has failed to achieve its objectives with this war. The situation in the region is likely to remain fragile even after an agreement has been reached, and there could be obstacles to transiting through the Strait of Hormuz. DZ BANK therefore anticipates that the price of crude oil will remain at a historically high level throughout the forecast period, even if it undergoes a brief technical correction.

Each month that the Strait of Hormuz stays closed brings with it increased risks for global growth prospects. In addition to crude oil and gas, key commodities such as sulfur, urea, and helium – needed for the production of fertilizers and semiconductors – remain in short supply. The Supply Chain Pressure Index shows that pressure on supply chains is at its highest level in four years. Provided that the situation gradually eases over the course of the year, the global economy is likely to have turned the corner in the second quarter. DZ BANK forecasts that average global economic growth will be 2.8 percent in 2026, compared with 3.4 percent in 2025.

The rate of inflation continues to be the main macroeconomic risk. So far, rising energy prices have been the dominant inflationary factor, but indirect effects on consumer prices are now starting to emerge. The longer the blockade continues, the stronger their impact will be. This will drive up prices for food, industrial goods, and services. Even after the conflict has been resolved diplomatically, DZ BANK expects inflation rates to remain high for some time before they eventually start to fall.

1.2 Trends in the USA

DZ BANK predicts growth of 2.3 percent for the US economy in 2026. Even though consumer sentiment remains subdued and inflation has risen, the US economy remains on a growth trajectory. The factors supporting it are substantial levels of capital investment in software and data centers as part of the AI boom, fiscal stimulus created by the One Big Beautiful Bill Act, robust consumer spending by wealthy sections of the population (dubbed the 'K-shaped economy'), and rising oil exports from the United States, which is a net exporter and thus benefits from higher oil prices.

The US rate of inflation rose to 4.2 percent in May, which was the first time that it had exceeded the 4 percent mark in three years. Although inflation fell to 3.5 percent in June, it is still clearly too high. This elevated level of inflation was primarily driven by fuel prices, whereas price pressures have stayed relatively moderate for other items in the basket of goods so far. With tensions continuing in the Strait of Hormuz, energy prices are likely to remain a strong driver of inflation, while indirect effects will emerge with a time lag. DZ BANK forecasts inflation of 3.5 percent for 2026. The Federal Reserve is expected to keep its key interest rate unchanged this year given the moderately restrictive range of 3.50 to 3.75 percent.

1.3 Trends in the eurozone

The economy of the eurozone is facing huge challenges this year. The war in Iran is fueling inflation and therefore depressing consumer spending, while the high level of political and geopolitical uncertainty is holding back capital expenditure. There was significant fluctuation in the GDP rates for the eurozone during the first half of 2026. On a positive note, however, growth held up better in the second quarter than had originally been anticipated. Nevertheless, the eurozone's growth is likely to remain below the 1.0 percent mark this year.

Driven by rising energy prices, the European inflation rate rose to 3.2 percent in May before dropping back to 2.8 percent in June. The rate for July is currently estimated at 2.9 percent. This trend is attributable to the emerging signs of an agreement being reached between the United States and Iran, causing energy prices to undergo a significant correction. However, the situation is becoming increasingly unclear again at present, and shipping through the Strait of Hormuz is once more severely restricted. As the blockade continues, upward pressure on prices for food and industrial goods is likely to grow. DZ BANK forecasts inflation of 3.0 percent for 2026 and anticipates a subsequent reduction only once there has been a lasting decrease in energy prices and the year-on-year numbers start to fall. In DZ BANK's opinion, the ECB will likely respond to the elevated inflation risks by hiking interest rates again, with the deposit facility interest rate rising to 2.50 percent in autumn 2026.

1.4 Trends in Germany

The German economy made a strong start to the year, and GDP rose by 0.4 percent in the first quarter of 2026 compared with the previous quarter. However, momentum faded in the second quarter as a result of supply chain disruptions and the increase in inflation. According to the Federal Ministry of Finance's monitoring report, the hoped-for economic boost from the German government's special off-budget infrastructure and climate action fund is materializing more slowly than envisaged. Stagnant growth is anticipated in the third quarter, but the economy should pick up a little after that. For 2026 as a whole, DZ BANK anticipates growth of 1.1 percent. Economic growth will thus fall just short of what was expected at the start of the year. This is due not only to the delayed effects of the fiscal stimulus package and the conflict in the Middle East but also to the so far unsatisfactory implementation of the ambitious plans for reform. Although the coalition government has succeeded in sending a strong signal with its pension reforms, other plans have not yet had the necessary impact. The main aim must be to encourage domestic companies to invest more in Germany.

In the past few months, the inflation rate in Germany has been volatile owing to the countervailing forces of sharply rising energy prices and government measures aimed at containing prices (temporary reduction in fuel duty). The latest estimates show that, at 2.8 percent, inflation was very strong again in July compared with a year earlier. The main factors here were high energy prices. Given that the situation in the Middle East remains unclear, inflationary pressure is likely to continue to increase for the time being. Indirect effects are becoming increasingly observable, such as rising food prices. DZ BANK forecasts inflation of 3.0 percent for 2026.

1.5 Trends in the financial sector

At the start of July, the DAX outstripped its previous all-time high – recorded in January – by climbing to around 25,800 points, at which point the market started to see moderate levels of profit taking. However, sentiment in the stock markets has recently been very positive again, and the DAX soared to a further record high of 26,000 points. The increase was driven not only by tech stocks, which had been leading the way, but increasingly too by Germany-focused stocks that had previously fallen behind. The accompanying broadening of the market forms the basis for DZ BANK's forecast for the end of the year of 27,500 points. DZ BANK is adhering to this constructive outlook in its forecasts, although phases of speculation that the Fed will raise interest rates could lead to small corrections.

DZ BANK continues to expect that the fiscal stimulus now being provided will have a stronger impact in the second half of the year and that the recently agreed package of reforms will sustain the brightening sentiment. This will particularly benefit the Germany-focused industrial stocks that had fallen behind. Moreover, the leading players from the semiconductor and energy technology sectors, which have surged ahead of the rest of the market, and the data center construction company that has recently joined the DAX are likely to maintain their level. The rise is thus gaining an additional source of stability and improving in quality because it is no longer being driven by just a handful of stocks.

There are increasing levels of excess supply in the market for office and retail/wholesale real estate. E-commerce, remote working, and AI have reduced demand and changed the profile of requirements for commercial real estate. Demand is increasingly focused on modern and sustainable office and retail space in good locations. However, high construction and borrowing costs are making it difficult to carry out the necessary process of modernizing properties or changing their use. More than four years after the rise in interest rates, there is still no positive outlook in sight for the commercial real estate market. Conditions are unlikely to ease noticeably in the forecast period due to geopolitical uncertainties in the Middle East and elsewhere, slightly higher capital market yields, and the more restrictive monetary policy of the ECB.

The situation also remains difficult in the housing market. High financing costs and construction costs are acting as a brake on housing starts, as is excessive regulation. Furthermore, extensive regulation of the rental segment is limiting yield expectations and thus holding back the pace of investment in the residential rental segment. Although initiatives such as the rent controls introduced in 2015 have had almost no effect, DZ BANK believes that a change of policy direction in the residential rental market is unlikely.

The situation is slightly more positive when it comes to existing properties. Despite the considerable amount of investment needed to meet legal requirements regarding energy efficiency improvements, market values are stabilizing in this segment. Prices for owner-occupied housing and for multi-unit residential properties are expected to rise by 2 to 3 percent per annum this year and next, supported by the shortage of supply and steadily rising rents. Whereas residential real estate in flourishing urban regions offers the most stable prospects, there is a danger of an excess supply of single-family dwellings in more peripheral areas in the medium term that will be partly attributable to demographic change.

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.

2 Financial performance

The forecasts below are based on the outcome of the DZ BANK Group's projection process. Some of the forecasts have changed compared with those in the 2025 group management report due to new information coming to light. Changes in the aforementioned assumptions, particularly as a result of the macroeconomic conditions described above, may lead to deviations from the forecasts.

Net interest income, including net income from long-term equity investments, is expected to fall moderately compared with 2025. This will mainly be due to accounting-related effects that had a positive impact on net interest income and a countervailing negative impact on gains and losses on trading activities in 2025. These effects had resulted in higher net interest income in 2025, but are not expected to materialize to the same extent in 2026. The countervailing growth of net interest income in the BSH operating segment will not fully offset these effects.

For 2026, the DZ BANK Group predicts a marked rise in **net fee and commission income** that will primarily be attributable to the DZ PRIVATBANK and UMH operating segments.

The DZ BANK Group continues to anticipate a considerable improvement in **gains and losses on trading activities** compared with 2025. This will be due to the accounting-related effects explained under net interest income that had adversely affected gains and losses on trading activities in 2025 and, in particular, to a higher net gain in the DZ BANK – CICB operating segment in the forecast period.

Based on the latest projections, **net income from insurance business** is expected to be at a substantially lower level in 2026, following on from the exceptionally positive figure achieved in 2025 and despite the improvement in the first half of this year. This constitutes a very good result when compared over a multi-year period.

The DZ BANK Group's **expenses for loss allowances** are forecast to rise markedly in 2026 compared with 2025. This will mainly be attributable to markedly rising expenses in the DZ BANK – CICB operating segment, which are 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.

Profit before taxes is projected to be between €3.5 billion and €4 billion in the forecast period. This is markedly lower than in 2025 but represents a good level when compared over a multi-year period.

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

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

3 Financial position

The DZ BANK Group's financial position is reflected in the change in total assets and in the key figures that describe the capital and liquidity position. The forecasts for these key performance indicators for 2026 are described below. These forecasts, which are derived from the outcome of the projection process, are based on assumptions about the future course of business. Some of the forecasts have changed compared with those in the 2025 group management report due to new information coming to light.

In the context of net assets, **total assets** represent an important measure of the volume of business. They are expected to rise slightly in 2026.

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.

The liquidity position, which is a material element of financial position, is expected to maintain a high level of stability in the forecast period.

The **minimum liquidity surplus** (MLS), which is a measure of economic liquidity adequacy, is now predicted to rise slightly in 2026 compared with the level at the end of 2025 and will be above €25.0 billion.

At the time of preparation of this report, the **liquidity coverage ratio** (LCR) is forecast to fall slightly 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.