CHINA FINANCIAL SERVICES

Banks over brokers: positioning for 1Q26 earnings

Shuo Yang, Ph.D.
+852-2978-0701 | shuo.yang@gs.com
Goldman Sachs (Asia) L.L.C.

Claire Ouyang
+852-2978-6686
claire.ouyang@gs.com
Goldman Sachs (Asia) L.L.C.

Recent preliminary results for 1Q26 from **CICC** and **CITICS** indicate that their revenue and profit significantly exceeded GSe expectations (**CICC** net profit +65~90% yoy, surpassing GSe by 27%~46%; **CITICS** net profit +57% yoy, surpassing GSe by +25%).

While some investors we have spoken with are bullish on brokers due to the recovering Hong Kong IPO market, our view differs. Within the financial sector, we maintain our preference for banks over brokers, based on two key factors: the sustainability of earnings improvement, and relative valuations.

We forecast the average PPOP growth for the banks we cover will reach 8% in 1Q26, recovering from -3% in 1Q25. Specifically, the Big Four banks are expected to see an average PPOP growth of 6%, driven by a decreasing rate of decline in NIM quarter-over-quarter. Furthermore, their respective trading valuations remain attractive at 4.8x/4.0x P/PPOP and 0.7x/0.6x P/B for A/H shares.

In contrast, the three brokers (**CICC**, **CITICS**, **GFS**) have an average P/E and P/B of 12x and 1x for H share, above their historical median levels. We note that the increased capital investment and leverage in Hong Kong remain subject to further validation.

Amid the continued improvement of the Hong Kong IPO market, we believe **FUTU** offers a compelling mix of value and growth, and we maintain our Buy rating.

We are hosting an in-person China Financials and Fintech trip on May 25-29 in Shenzhen, Shanghai, Zhejiang, and Beijing, detailed schedule within (Exhibit 30).

The authors would like to thank Zihan Wang for her contribution to this report.

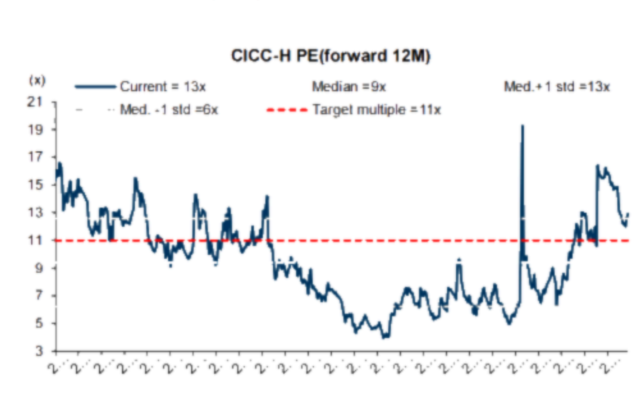
1. Brokers' preliminary results are good, but we believe market expectations implied by valuations are even higher

The three brokers (**CICC**, **CITICS**, **GFS**) are trading at an average P/B and P/E level of 12x/1x for H share, while their average ROE for 2025 is 9%. From a P/E valuation perspective, all three brokers are above their historical median levels. From a P/B perspective, three covered brokers are close to 1x P/B. Valuations for Chinese brokers have remained below 1x P/B for most periods, largely due to structurally lower ROEs and a higher cost of equity stemming from smaller balance sheets, lower leverage, and limited credit risk exposure. Therefore, for performance to be sustainably good, it must be reflected in a sustained recovery of ROE. This not only requires the Hong Kong IPO market to continue its positive trend and for brokers to increase their capital investment in Hong Kong, but more importantly, it requires that the brokers' leverage levels have space for sustained growth.

Contrary to some investors' view, we do not believe that a significant improvement in the A-share IPO market will bring more growth opportunities for Chinese brokers. This is mainly because the growth in other business segments driven by the A-share IPO business is relatively small for A-share brokers, with lower leverage levels, resulting in a relatively low ROE. We need to see the operational differentiation for brokers in the H-share market, especially for those brokers with substantial capital investment and relatively higher leverage in H-shares, such as **CICC**, which already has a large scale of capital investment in H-shares, and **GFS**, which has completed Rmb 6bn financing for investment in Hong Kong. In the 1Q26 earnings calls, we need to understand the changes in capital investment and leverage levels in Hong Kong for different Chinese brokers to analyze the sustainability of their ROE improvement.

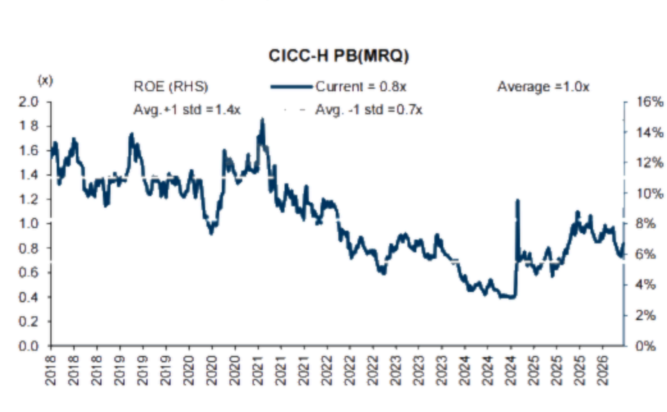
We have fine-tuned our models for **CICC** and **GFS**. After incorporating 1Q26 industry data such as ADTV (+76%/+20% yoy/qoq), margin finance balance (+36% yoy), and investment banking revenue, we forecast the average net profit growth for the three brokers in 1Q26 to be +59% yoy, and the average net profit growth for the full year 2026 to be +17% yoy, with an ROE of 9.8% vs 9.0% in 2025. The average leverage (including margin deposits) is 6.2x vs. 6.1x in 2025. We also found that the average leverage excluding client deposits is 5x, indicating there is room for further leverage increases.

Exhibit 1: CICC-H P/E cycle



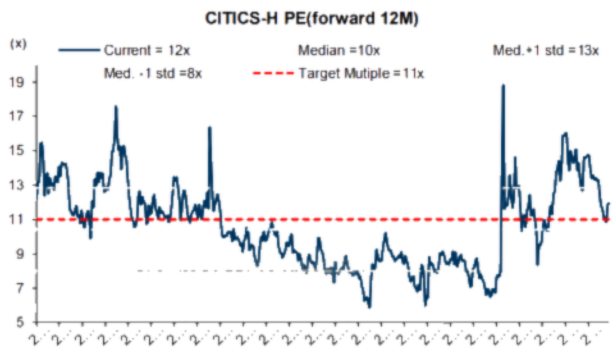
Source: Wind, Goldman Sachs Global Investment Research

Exhibit 2: CICC-H P/B cycle



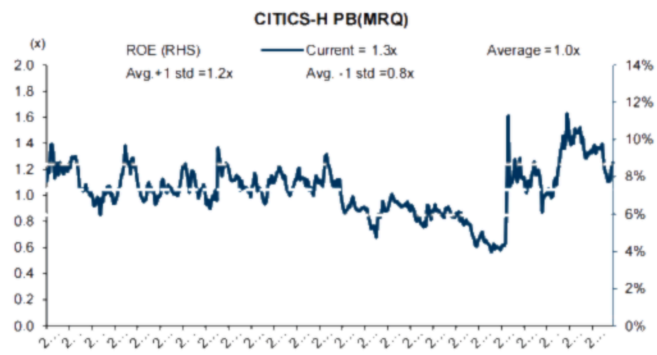
Source: Wind, Company data, Goldman Sachs Global Investment Research

Exhibit 3: CITICS-H P/E cycle



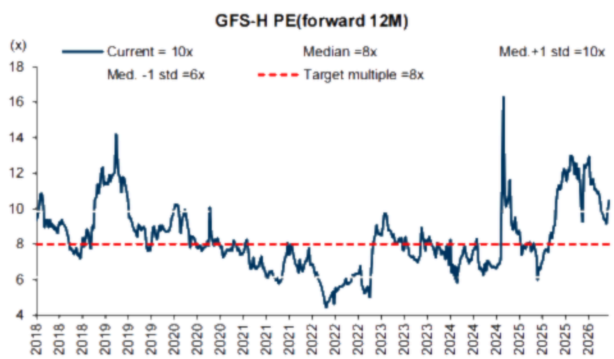
Source: Wind, Goldman Sachs Global Investment Research

Exhibit 4: CITICS-H P/B cycle



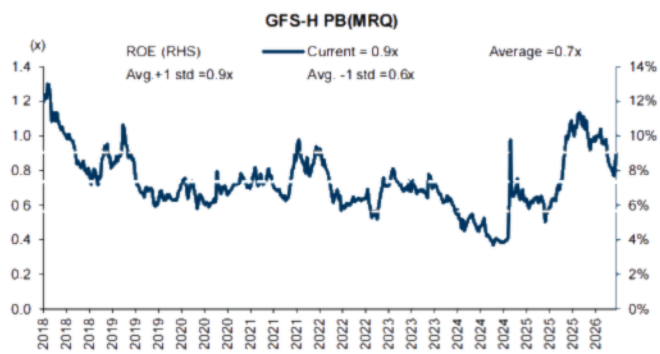
Source: Wind

Exhibit 5: GFS-H P/E cycle



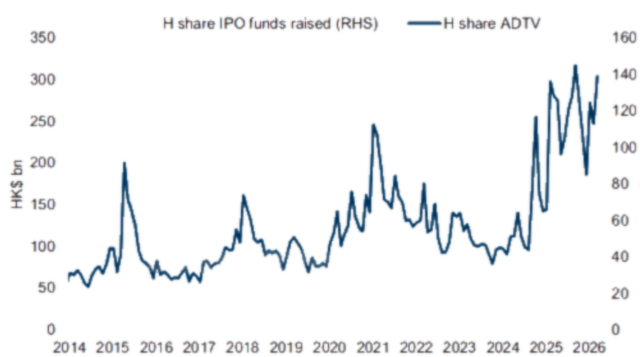
Source: Wind, Goldman Sachs Global Investment Research

Exhibit 6: GFS-H P/B cycle



Source: Wind, Company data, Goldman Sachs Global Investment Research

Exhibit 7: Hong Kong IPO market continues its positive trend



Source: Wind, HKEX

Exhibit 8: Around 400 companies are in the pipeline for HK listings, excluding confidential filings

Source: HKEX, Goldman Sachs Global Investment Research

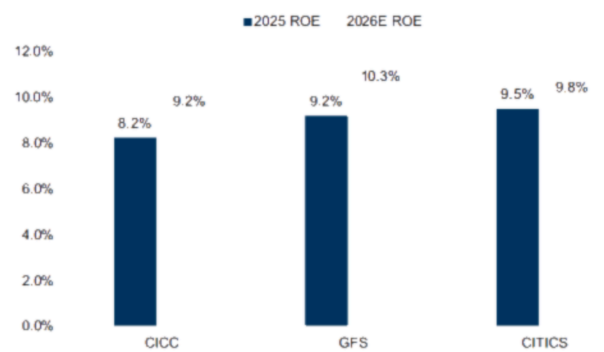
Exhibit 9: We forecast the average net profit growth for the three brokers in 1Q26 to be +59% yoy, and the average net profit growth for the full year 2026 to be +17% yoy
Rmb mn

Rmb mn	1Q26E						2026E			
Company	Revenue	yoy	qoq	Net profit	yoy	qoq	Revenue	yoy	Net profit	yoy
CITICS*	23,155	41%	22%	10,216	55%	48%	84,446	13%	34,354	11%
GFS	10,589	46%	14%	4,477	51%	46%	41,402	17%	18,228	22%
CICC	8,356	46%	8%	3,481	70%	8%	31,953	12%	11,707	19%

*CITICS 1Q26E data from preliminary results

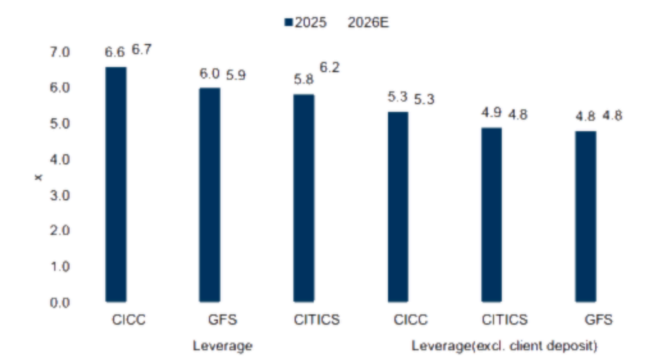
Source: Goldman Sachs Global Investment Research, Company data

Exhibit 10: The average ROE of the three brokers is 9.8% for 2026E vs 9.0% in 2025



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 11: The average leverage (including margin deposits) is 6.2x vs. 6.1x in 2025. We also found that the average leverage excluding client deposits is 5x, indicating there is room for further leverage increases



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 12: Brokers valuation summary
Price as of April 20

Name	Ticker	Price (Local currency)	Rating	Valuation method	Target multiple	Previous multiple	Target price (Local currency)	Previous TP (local currency)	TP change	Upside (%)	Net profit growth		Trading PE		Trading PB		Implied PE		Implied PB	
											2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Brokers (A)																				
CICC-A	601995 SS	33.85	Neutral	12m PE	18.0x	18.0x	44.58	42.26	↑ 5%	↑ 32%	20%	2%	14.0x	13.7x	1.2x	1.1x	18.4x	18.0x	1.5x	1.5x
CITICS-A	600030 SS	26.30	Buy	12m PE	16.0x	16.0x	37.54	37.54		↑ 43%	11%	4%	11.7x	11.2x	1.1x	1.0x	16.7x	16.0x	1.5x	1.5x
GFS-A	000776 SZ	20.13	Buy	12m PE	14.0x	14.0x	30.24	29.31	↑ 3%	↑ 50%	21%	-1%	9.2x	9.3x	0.9x	0.8x	13.8x	14.0x	1.3x	1.2x
Brokers (H)																				
CICC-H	3908 HK	19.80	Buy	12m PE	11.0x	11.0x	29.70	28.15	↑ 5%	↑ 50%	20%	2%	7.5x	7.3x	0.6x	0.6x	11.2x	11.0x	1.0x	0.9x
CITICS-H	6030 HK	27.12	Neutral	12m PE	11.0x	11.0x	28.13	28.13		↑ 4%	11%	4%	11.1x	10.6x	1.1x	1.0x	11.5x	11.0x	1.1x	1.0x
GFS-H	1776 HK	17.11	Neutral	12m PE	8.0x	8.0x	18.84	18.26	↑ 3%	↑ 10%	21%	-1%	7.2x	7.3x	0.7x	0.6x	7.9x	8.0x	0.7x	0.7x

Source: FactSet, Goldman Sachs Global Investment Research

2. Remain bullish on banks due to their marginal fundamental improvement and relatively low valuation

We forecast the average PPOP growth for covered banks to be 8% in 1Q26, with an average net profit growth of 6%. We also expect continued performance improvement for the Big Four banks, with a forecasted average PPOP/NPAT growth of 6%/5%, compared to the 9%/6% average growth for our other covered banks. The Big Four banks are currently trading at an average P/B of 0.7x/0.6x for A/H shares, which remains at the 46th/51st percentile level since 2014.

Among the Big Four, we continue to favor **CCB** and **BOC** due to their stable and relatively high-quality earnings growth. We are closely monitoring the performance trend of **ABC**, particularly in light of management's relatively optimistic guidance for 1Q26 (see here), as well as its progress on capital replenishment in 2026 and the effect this will have on strengthening its balance sheet.

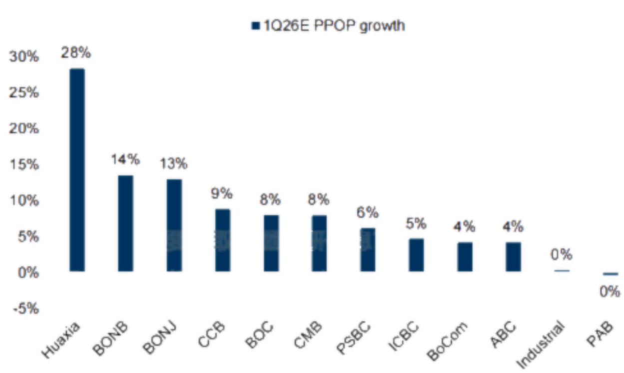
The profit growth of **CMB** is a key focus for us because we believe that under management's guidance regarding **CMB**'s strong balance sheet, the probability of **CMB** increasing provisions is low. Therefore, its profit growth should theoretically outpace that of the large SOE banks (see here and here). We forecast **CMB**'s 1Q26 net profit growth to be 8%. For the full year 2026, we project **CMB**'s net profit growth to be 7%, vs. the 3% average growth for the Big Four.

We still expect **PAB** 1Q26 net profit growth to be slow, at -1%, mainly because we believe its retail risk disposal will continue. However, if we extend the forecast to 2H26, we foresee **PAB**'s profit growth reaching 3% due to a lower base effect. **PAB** management has indicated that retail risk resolution is nearing its end (see here). Therefore, our focus will be on identifying when the inflection point for earnings growth will occur and where new growth drivers for its retail business will emerge once the risk resolution is complete.

We maintain our Buy rating on **BONB**, forecasting 1Q26 net profit growth of 14%. Our primary investment thesis for **BONB** stems from its ability to sustain rapid loan growth, coupled with a stabilizing NPL formation rate and an increasing NPL coverage ratio. Since 3Q25 (see here), we have confirmed an asset quality inflection point for **BONB**. Therefore, we expect **BONB**'s NPL coverage ratio to reach 380%/374% in 1Q26/2026, vs. 373% in 2025.

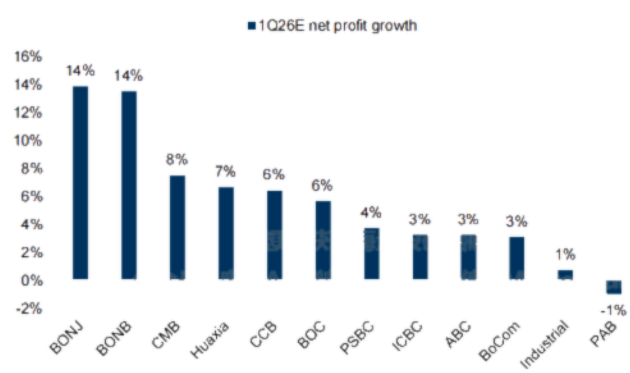
We have fine-tuned our models for the covered banks to incorporate 1Q26 sector data; however, our full-year PPOP and NPAT forecasts remain largely unchanged.

Exhibit 13: We forecast the average PPOP growth for covered banks to be 8% in 1Q26...



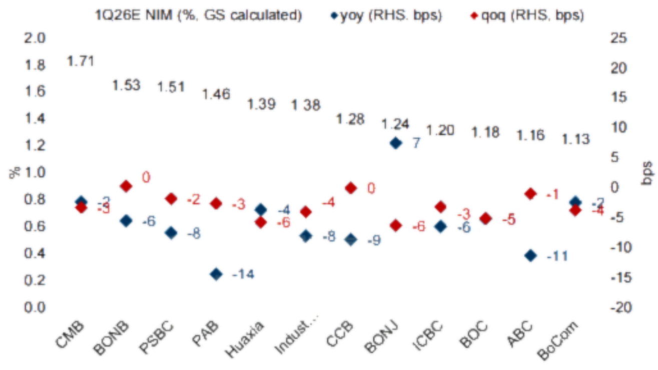
Source: Goldman Sachs Global Investment Research

Exhibit 14: ...with an average net profit growth of 6%



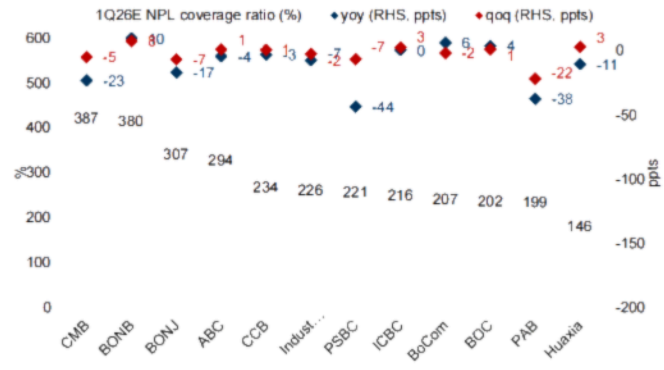
Source: Goldman Sachs Global Investment Research

Exhibit 15: We project a NIM decrease of -6/-3bps yoy/qoq on average for covered banks in 1Q26...



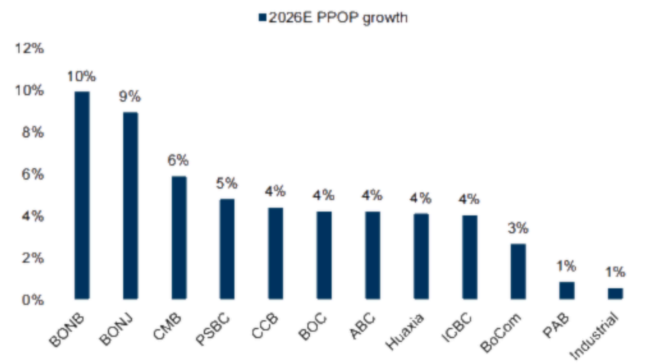
Source: Goldman Sachs Global Investment Research

Exhibit 16: ...and an NPL coverage ratio decline of -11/-2ppts yoy/qoq



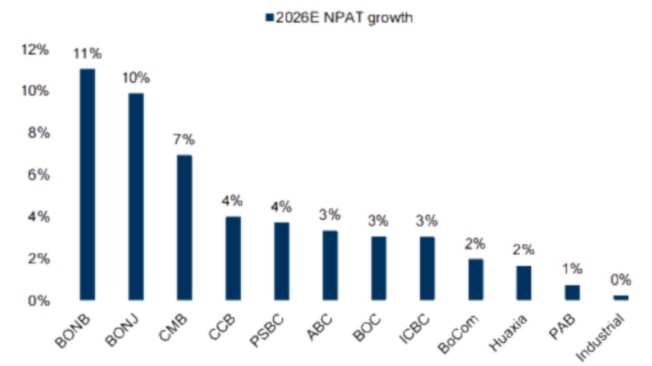
Source: Goldman Sachs Global Investment Research

Exhibit 17: We forecast the average PPOP growth for covered banks to be 5% in 2026...



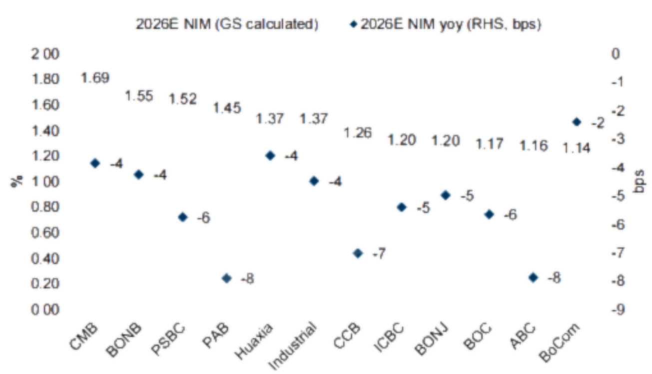
Source: Goldman Sachs Global Investment Research

Exhibit 18: ...with an average net profit growth of 4%



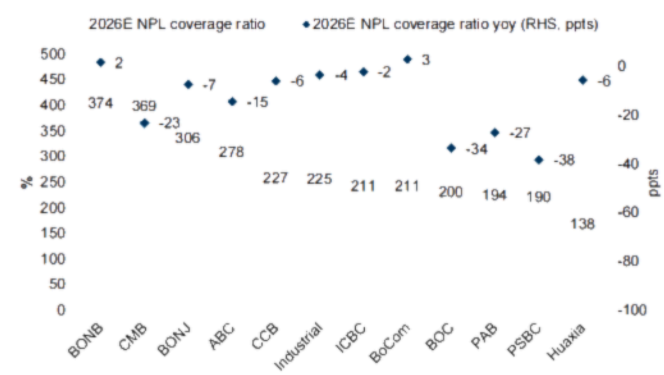
Source: Goldman Sachs Global Investment Research

Exhibit 19: We project a NIM decrease of -5bps yoy on average for covered banks in 2026...



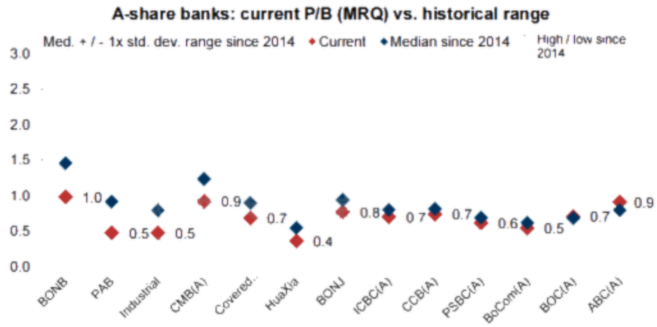
Source: Goldman Sachs Global Investment Research

Exhibit 20: ...and an NPL coverage ratio decline of -13ppts yoy



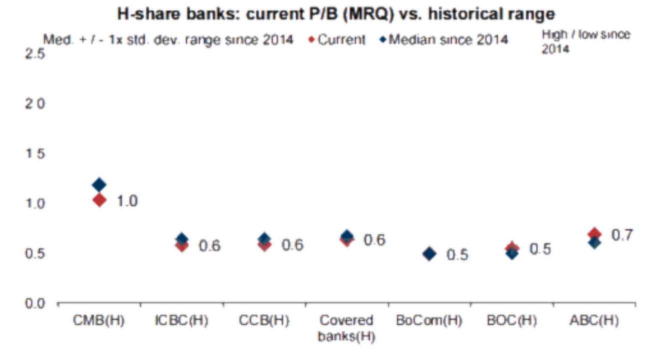
Source: Goldman Sachs Global Investment Research

Exhibit 21: The Big Four banks are currently trading at an average P/B of 0.7x for A shares (46th percentile level since 2014)...



Source: Wind

Exhibit 22: ...and 0.6x for H shares (51th percentile level since 2014)



Source: Wind

Exhibit 23: China banks valuation comp

Price as of April 20

	Ticker	Current price	TP	Old TP	TP change	Rating	Target P/PPOP	Upside/ downside (%)	TP implied P/B		Trading P/B		Trading P/PPOP		Div. yield	
H-share (HKD)									2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
ICBC (H)	1398.HK	7.19	6.22	6.27	↓ -1%	Neutral	3.250x	↓ -13%	0.49	0.46	0.57	0.53	4.04	3.75	4.8%	5.1%
BOC (H)	3988.HK	5.21	5.35	5.35		Buy	3.500x	↑ 3%	0.55	0.51	0.53	0.50	3.65	3.41	4.9%	5.1%
CCB (H)	0939.HK	8.88	9.04	9.01	↑ 0%	Buy	3.750x	↑ 2%	0.58	0.55	0.57	0.54	3.97	3.68	5.0%	5.2%
ABC (H)	1288.HK	6.17	5.18	5.15	↑ 1%	Neutral	3.250x	↓ -16%	0.56	0.52	0.67	0.62	4.22	3.87	4.6%	4.8%
BoCom (H)	3328.HK	7.25	6.11	6.11		Sell	2.875x	↓ -16%	0.41	0.39	0.48	0.46	3.57	3.41	5.0%	5.1%
PSBC (H)	1658.HK	5.13	5.46	5.48	↓ 0%	Buy	4.125x	↑ 6%	0.56	0.53	0.53	0.50	4.11	3.87	4.8%	5.1%
CMB (H)	3968.HK	51.10	53.53	53.53		Buy	5.000x	↑ 5%	1.03	0.95	0.99	0.91	5.10	4.77	4.6%	4.9%
A-share (Rmb)																
ICBC (A)	601398.SS	7.57	7.66	7.71	↓ -1%	Neutral	4.000x	↑ 1%	0.66	0.62	0.65	0.61	4.64	4.31	4.2%	4.4%
BOC (A)	601988.SS	5.90	6.69	6.69		Buy	4.375x	↑ 13%	0.75	0.70	0.66	0.62	4.51	4.20	3.9%	4.2%
CCB (A)	601939.SS	9.73	11.45	11.41	↑ 0%	Buy	4.750x	↑ 18%	0.81	0.75	0.69	0.64	4.74	4.40	4.2%	4.3%
ABC (A)	601288.SS	7.19	6.70	6.65	↑ 1%	Neutral	4.200x	↓ -7%	0.79	0.73	0.84	0.79	5.35	4.91	3.6%	3.8%
BoCom (A)	601328.SS	7.05	5.90	5.90		Sell	2.775x	↓ -16%	0.43	0.41	0.51	0.49	3.79	3.61	4.7%	4.9%
PSBC (A)	601658.SS	5.18	5.96	5.97	↓ 0%	Buy	4.500x	↑ 15%	0.67	0.63	0.58	0.55	4.52	4.26	4.4%	4.6%
CMB (A)	600036.SS	39.87	54.87	54.87		Buy	5.125x	↑ 38%	1.16	1.06	0.84	0.77	4.34	4.06	5.4%	5.8%
Industrial	601166.SS	18.36	18.06	17.96	↑ 1%	Sell	2.250x	↓ -2%	0.44	0.41	0.44	0.42	2.62	2.49	5.8%	6.1%
PAB	000001.SZ	11.06	11.69	11.69		Neutral	2.125x	↑ 6%	0.47	0.44	0.44	0.42	2.32	2.19	5.4%	5.6%
HuaXia	600015.SS	7.20	6.76	6.76		Sell	1.525x	↓ -6%	0.32	0.30	0.34	0.32	1.85	1.77	5.9%	6.0%
BONB	002142.SZ	32.42	36.49	36.49		Buy	4.250x	↑ 13%	0.95	0.86	0.85	0.76	4.12	3.71	3.3%	3.7%
BONJ	601009.SS	11.29	11.93	11.93		Neutral	3.125x	↑ 6%	0.74	0.67	0.70	0.64	3.22	2.93	5.2%	5.7%
H-share avg					↓ 0%			↓ -4%	0.60	0.56	0.62	0.58	4.10	3.82	4.8%	5.1%
A-share avg					↑ 0%			↑ 6%	0.68	0.63	0.63	0.58	3.83	3.57	4.7%	4.9%

Source: Wind, Goldman Sachs Global Investment Research

Exhibit 24: New vs. old: PPOP

PPOP									
Company	New			Old			Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
ICBC	582	626	674	583	631	682	(0%)	(1%)	(1%)
CCB	537	579	627	535	580	628	0%	(0%)	(0%)
BOC	422	452	487	422	452	487	0%	0%	0%
ABC	470	512	555	467	508	551	1%	1%	1%
BoCom	164	172	181	165	173	181	(0%)	(0%)	(0%)
PSBC	137	146	156	137	146	157	0%	(0%)	(1%)
CMB	232	248	267	232	248	267	0%	0%	0%
Industrial	148	156	164	148	155	163	0%	1%	1%
HuaXia	62	65	68	62	65	68	0%	0%	0%
PAB	93	98	104	93	98	104	0%	0%	0%
BONB	52	58	64	52	58	64	0%	0%	0%
BONJ	43	48	52	43	48	52	0%	0%	0%
Aggregate									
Total	2,942	3,159	3,399	2,938	3,161	3,405	0%	(0%)	(0%)
Large	2,312	2,487	2,680	2,308	2,490	2,687	0%	(0%)	(0%)
Joint-stock	535	566	603	534	565	602	0%	0%	0%
Regional	95	105	117	95	105	117	0%	0%	0%

Source: Goldman Sachs Global Investment Research

Exhibit 25: New vs. old: NPAT

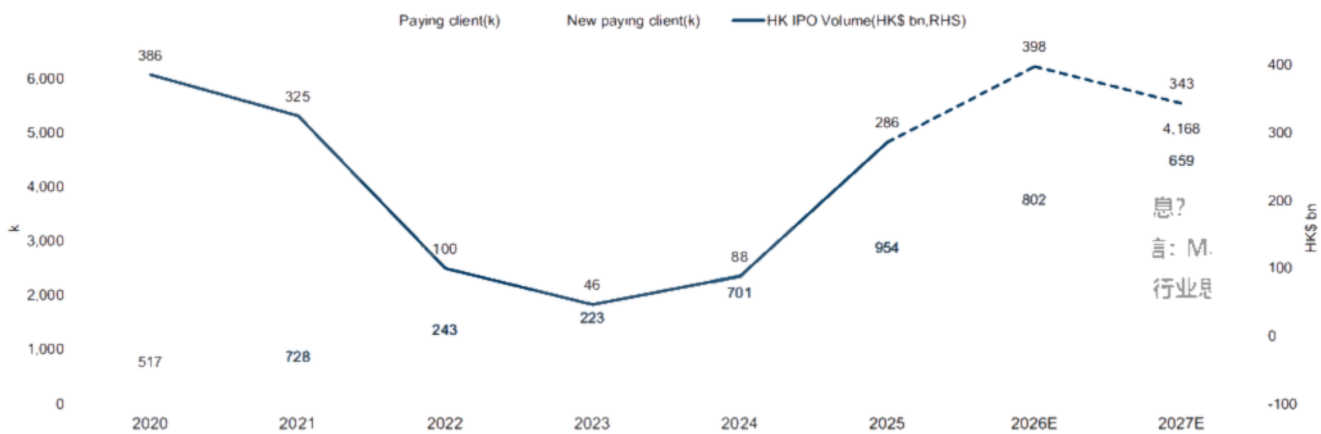
NPAT									
Company	New			Old			Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
ICBC	382	402	428	383	405	434	(0%)	(1%)	(1%)
CCB	353	369	395	352	370	396	0%	(0%)	(0%)
BOC	265	279	297	265	279	297	0%	0%	0%
ABC	301	318	341	301	316	339	0%	1%	1%
BoCom	98	102	106	98	102	106	(0%)	(0%)	(0%)
PSBC	91	96	102	91	96	102	(0%)	(0%)	(0%)
CMB	162	173	185	162	173	185	0%	0%	0%
Industrial	78	81	85	78	82	86	(0%)	(0%)	(0%)
HuaXia	28	29	29	28	29	29	0%	0%	0%
PAB	43	45	47	43	45	47	0%	0%	0%
BONB	33	36	40	33	36	40	0%	0%	0%
BONJ	24	27	29	24	27	29	0%	0%	0%
Aggregate									
Total	1,859	1,956	2,086	1,858	1,959	2,091	0%	(0%)	(0%)
Large	1,491	1,566	1,669	1,490	1,569	1,674	0%	(0%)	(0%)
Joint-stock	311	327	347	311	327	347	(0%)	(0%)	(0%)
Regional	57	63	69	57	63	69	0%	0%	0%

Source: Goldman Sachs Global Investment Research

3. FUTU is one of the largest beneficiaries of the continued improvement in the Hong Kong stock market

The robust Hong Kong IPO market is poised to provide significant impetus for **FUTU**'s new client acquisition and net new asset inflows (see Incorporating capital market strength). We believe the market's reaction to **FUTU**'s 1Q26 guidance has been overly pessimistic (see FUTU group meeting takeaway), suggesting potential for an upward revision in retail trading turnover rates and client AUM. Specifically, amid continuously improving capital market conditions, we anticipate that the sustained vibrancy of H-share IPOs will generate further new client growth opportunities for **FUTU**. Concurrently, the S&P 500 has already recovered to its level before Middle East conflict. However, based on our discussions with investors, we also acknowledge that the gradual normalization of client trading turnover rates – specifically, a decline from a peak of 16x to 13x in the most recent quarter (4Q25) – necessitates sustained growth in client AUM to offset the corresponding impact on revenue. Nevertheless, as **FUTU** client base accumulates (3.4mn in 2025) and its overall AUM expands (HK$ 1.2tn in 2025), we project that an increasing proportion of new AUM will be contributed by existing clients. Consequently, the rise in actual AUM per paying client may also contribute to the gradual normalization of client trading turnover rates. Lastly, we maintain our view that **FUTU** possesses greater leverage increase and cost-saving potential compared to **IBKR**, yet trades at a relatively more attractive valuation. Currently, **FUTU** is trading at 14x P/E, which represents the 23rd percentile since its listing. Therefore, we reiterate our Buy rating on **FUTU** with a target price of US$205.

Exhibit 26: In terms of new clients, we believe FUTU can benefit from IPO up-cycles in favorable market periods to rapidly acquire clients and achieve growth; whereas in market downturns, FUTU can leverage its product and platform competitive advantages to increase market share and acquire new clients, thereby achieving its growth targets.



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 27: The robust Hong Kong IPO market is poised to provide significant impetus for FUTU's new client acquisition and net new asset inflows

	1Q25	2Q25	3Q25	4Q25	1Q26E	2025	2026E
Paying clients (k)	2,673	2,877	3,131	3,365	3,586	3,365	4,168
yoy	42%	41%	43%	40%	34%	40%	24%
Total trading volume (HK$ bn)	3,220	3,590	3,900	3,980	4,043	14,690	17,250
yoy	141%	122%	105%	38%	26%	90%	17%
Client assets(HK$ bn)	830	974	1,240	1,230	1,258	1,230	1,447
yoy	60%	68%	79%	65%	52%	65%	18%
Per paying client (HK$ k)	310	338	396	365	351	365	347
Turnvoer(x)	16.4x	15.9x	14.1x	12.9x	13.0x	14.9x	12.9x

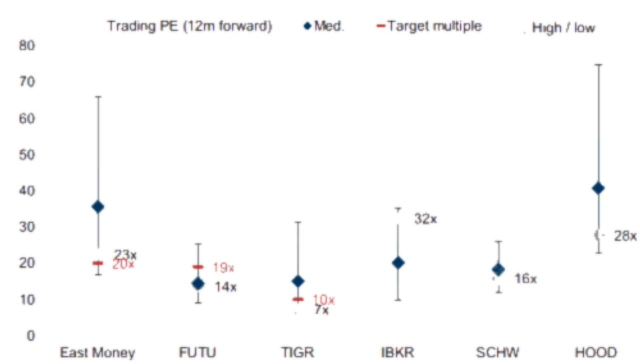
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 28: We maintain our view that FUTU possesses greater leverage increase and cost-saving potential compared to IBKR, yet trades at a relatively more attractive valuation

	FUTU			IBKR		
	2025	2026E	2027E	2025	2026E	2027E
ROE	**33%**	**25%**	**23%**	**23%**	**22%**	**20%**
Leverage (EOP)	5.7x	5.1x	4.8x	9.9x	9.7x	9.8x
Leverage (excl. client deposit)	2.9x	2.6x	2.4x	6.2x	6.0x	6.1x
ROA	**6%**	**5%**	**5%**	**2%**	**2%**	**2%**
Net revenue	11%	9%	8%	3%	3%	3%
Brokerage	5%	5%	5%	1%	1%	1%
Net interest income	4%	3%	3%	2%	2%	2%
Others	1%	1%	1%	0%	0%	0%
Opex	-4%	-3%	-3%	-1%	-1%	-1%
Tax + others	-1%	-1%	-1%	0%	0%	0%
Net revenue growth	**74%**	**4%**	**13%**	**17%**	**10%**	**10%**
NPAT growth	**108%**	**4%**	**18%**	**24%**	**11%**	**10%**
CIR	**34%**	**33%**	**31%**	**23%**	**22%**	**22%**

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 29: Currently, FUTU is trading at 14x P/E, which represents the 23rd percentile since its listing



Valuation period: FUTU - since Oct 2021, TIGR - since Jan 2023, HOOD - since Mar 2024, East Money/IBKR/SCHW - since 2018

Source: Wind, Bloomberg

We are hosting an in-person China Financials and Fintech trip on **May 25-29** in **Shenzhen, Shanghai, Zhejiang, and Beijing**, offering an opportunity to engage with China's leading financial institutions, including banks, brokers, insurance, and fintech companies. **RSVP with your GS contact.**

Exhibit 30:

GS China Financials and Fintech Trip

May 25 in Shenzhen | May 26 in Shanghai | May 27 in Zhejiang | May 28-29 in Beijing

Event Information

Dates: May 25 in Shenzhen; May 26 in Shanghai, May 27 in Zhejiang, May 28-29 in Beijing
Format: On-site Tour, in person only
GIR Captain: Yang Shuo & Thomas Wang

Preliminary Schedule

May 25 (Mon) Shenzhen
09:00 – 10:30 富途Futu Holdings (FUTU US)
11:00 – 12:00 乐信Lexinfintech (LX US)
14:00 – 15:00 招商银行China Merchants Bank (3968 HK)
15:30 – 16:30 平安保险Ping An Insurance (2318 HK)
17:00 – 18:00 平安银行Ping An Bank (000001 CH)

May 26 (Tue) Shanghai
09:30 – 10:30 中国太保China Pacific Insurance Group (2601 HK)
11:00 – 12:00 信也Finvolution (FINV US)
12:30 – 14:00 Expert Lunch Meeting
14:30 – 15:30 浦发银行Shanghai Pudong Development Bank (600000 CH)
16:00 – 17:00 众安保险ZhongAn Online P&C Insurance (6060 HK)

May 27 (Wed) Ningbo & Hangzhou
9:30 – 11:00 宁波银行Bank of Ningbo (002142 CH)
14:00 – 15:00 杭州银行Bank of Hangzhou (600926 CH)
15:30 – 16:30 恒生电子Hundsun Technologies (600570 CH)

May 28 (Thu) Beijing
09:30 – 10:30 建设银行China Construction Bank (0939 HK)
11:00 – 12:00 中国人寿China Life Insurance (2628 HK)
12:30 – 14:00 Expert Lunch Meeting
14:30 – 15:30 中国银行Bank of China (3988 HK)
16:00 – 17:00 中国人保& 中国财险PICC & PICC PC (1339 HK) & (2328 HK)

May 29 (Fri) Beijing
09:30 – 10:30 新华保险New China Life Insurance (601336 CH)
11:00 – 12:00 中金公司China International Capital Corporation (3908 HK)
12:30 – 14:00 Expert Lunch Meeting
14:30 – 15:30 中信证券CITIC Securities (6030 HK) *tbc*

Exhibit 31: China banks valuation and risks

Ticker	Bank	Currency	New TP	Old TP	Rating	Target multiple	Methodology	Risk
H-share banks								
1398 HK	ICBC (H)	HK$	6.22	6.27	Neutral	3.250x	27E P/PPOP	Upside risks: 1) Higher dividend payout ratio. 2) better-than-expected PPOP growth and NIM reversal. 3) more provision reduction as local government debt risks are resolved. Downside risks. 1) Lower-than-expected capital injection. 2) significantly higher-than-expected asset growth, impacting capital accumulation. 3) dividend payout ratio cut, 4) continued deterioration in asset quality.
3988.HK	BOC (H)	HK$	5.35	5.35	Buy	3.500x	27E P/PPOP	Downside risks. 1) significantly higher-than-expected asset growth. impacting capital accumulation. 2) dividend payout ratio cut. 3) continued deterioration in asset quality
0939.HK	CCB (H)	HK$	9.04	9.01	Buy	3.750x	27E P/PPOP	Downside risk: 1) dividend payout ratio miss, 2) worse NIM and asset quality, 3) more capital requirement
1288 HK	ABC (H)	HK$	5.18	5.15	Neutral	3.250x	27E P/PPOP	Upside risks. 1) Higher dividend payout ratio. 2) Better-than-expected PPOP growth and NIM reversal. 3) Additional reduction of provisions as local government debt risks are resolved 4) Stronger-than-expected economic recovery which leads to better credit demand. less NPL and better profitability. 5) Better-than-expected asset quality improvement Downside risks. 1) Lower-than-expected capital injection. 2) Significantly higher-than-expected asset growth. 3) Dividend payout ratio cut 4) Continued deterioration in asset quality 5) Slower-than-expected economic growth which leads to sluggish credit demand. greater than expected NPLs and worse profitability.
3328.HK	BoCom (H)	HK$	6.11	6.11	Sell	2.875x	27E P/PPOP	Upside risk: 1) better than expected□NIM□and peer leading NIM recovery amid the deposit repricing cycle;□2) improving asset quality with earlier and more than expected loss digestion. 3)□improving DPS□yoy growth on increasing shareholder return
1658.HK	PSBC (H)	HK$	5.46	5.48	Buy	4.125x	27E P/PPOP	Downside risk: 1) miss agency cost rate. 2) lower NIM. 3) worse asset quality. 4) DPS miss.
3968.HK	CMB (H)	HK$	53.53	53.53	Buy	5.000x	27E P/PPOP	Downside risk. 1) Excessive credit extension. reducing the accumulation of excess capital. 2) Lower NIM. reducing profit growth 3) Policy easing falls short of expectations, negatively impacting valuation recovery
A-share banks								
601398.SS	ICBC (A)	Rmb	7.66	7.71	Neutral	4.000x	27E P/PPOP	Upside risks. 1) Higher dividend payout ratio. 2) better-than-expected PPOP growth and NIM reversal. 3) more provision reduction as local government debt risks are resolved Downside risks: 1) Lower-than-expected capital injection. 2) significantly higher-than-expected asset growth. impacting capital accumulation. 3) dividend payout ratio cut. 4) continued deterioration in asset quality
601988.SS	BOC (A)	Rmb	6.69	6.69	Buy	4.375x	27E P/PPOP	Downside risks. 1) significantly higher-than-expected asset growth. impacting capital accumulation, 2) dividend payout ratio cut. 3) continued deterioration in asset quality.
601939.SS	CCB (A)	Rmb	11.45	11.41	Buy	4.750x	27E P/PPOP	Downside risk: 1) dividend payout ratio miss, 2) worse NIM and asset quality, 3) more capital requirement
601288.SS	ABC (A)	Rmb	6.70	6.65	Neutral	4.200x	27E P/PPOP	Upside risks: 1) Higher dividend payout ratio 2) Better-than-expected PPOP growth and NIM reversal 3) Additional reduction of provisions as local government debt risks are resolved. 4) Stronger-than-expected economic recovery which leads to better credit demand, less NPL and better profitability 5) Better-than-expected asset quality improvement. Downside risks: 1) Lower-than-expected capital injection 2) Significantly higher-than-expected asset growth 3) Dividend payout ratio cut. 4) Continued deterioration in asset quality. 5) Slower-than-expected economic growth which leads to sluggish credit demand, greater than expected NPLs and worse profitability
601328.SS	BoCom (A)	Rmb	5.90	5.90	Sell	2.775x	27E P/PPOP	Upside risk. 1) better than expected□NIM□and peer leading NIM recovery amid the deposit repricing cycle;□2) improving asset quality with earlier and more than expected loss digestion; 3)□improving DPS□yoy growth on increasing shareholder return.
601658.SS	PSBC (A)	Rmb	5.96	5.97	Buy	4.500x	27E P/PPOP	Downside risk: 1) miss agency cost rate, 2) lower NIM, 3) worse asset quality, 4) DPS miss
600036.SS	CMB (A)	Rmb	54.87	54.87	Buy	5.125x	27E P/PPOP	Downside risk: 1) Excessive credit extension, reducing the accumulation of excess capital. 2) Lower NIM, reducing profit growth. 3) Policy easing falls short of expectations, negatively impacting valuation recovery.
601166.SS	Industrial	Rmb	18.06	17.96	Sell	2.250x	27E P/PPOP	Upside risk: 1) improving asset quality and lower provision to book, 2) better than expected NIM, 3) increase dividend payout.
000001.SZ	PAB	Rmb	11.69	11.69	Neutral	2.125x	27E P/PPOP	Upside risk 1) better NIM, 2) stronger than expected retail growth, 3) higher dividend payout ratio. Downside risk. 1) worse NIM. 2) worse than expected asset quality, 3) lower dividend payout ratio.
600015.SS	Hua Xia	Rmb	6.76	6.76	Sell	1.525x	27E P/PPOP	Better-than-expected asset quality, margin expansion and trading income recovery
002142.SZ	BONB	Rmb	36.49	36.49	Buy	4.250x	26E P/PPOP	Downside risk: 1) worse NIM, 2) weaker investment income, 3) worse asset quality and 4) capital shortfall
601009.SS	BONJ	Rmb	11.93	11.93	Neutral	3.125x	26E P/PPOP	Upside risk: 1) further improving NIM, 2) recovering fee income 3) further increase of investment income and 4) dividend payout ratio increase. Downside risk. 1) worse NIM, 2) worse fee growth, 3) loss on FVTOCI. 4) dividend payout ratio cut

Source: Goldman Sachs Global Investment Research

Price Target Risks and Methodology - China International Capital Corp.

We are Buy-rated on CICC-H with a 12m target price of HK$ 29.70 (based on 11x 2027E P/E), and Neutral on CICC-A with a 12m target price of Rmb 44.58 (based on 18x 2027E P/E).

Downside risks: 1) weaker-than-expected China capital market, 2) OTC derivative losses, 3) decreased AUM and fee rate, 4) higher cost income ratio.

Upside risks for A shares: 1) improving brokerage fee and IBD income, 2) increasing OTC derivative business and income growth, 3) more cost savings to support ROE.

Price Target Risks and Methodology - CITIC Securities Co.

We are Buy/Neutral on CITICS A/H. Our 12-month target prices of Rmb 37.54/HK$ 28.13 are based on 16x/11x 2027E P/Es.

Downside Risks: 1) further slower revenue growth on weaker capital market, 2) decreasing AUM and take rate of asset management business, 3) slower growth of investment income, 4) more operating expense to keep cost income ratio high.

Upside risks for H share: 1) improving capital market and higher ADTV to drive core business growth, 2) further greater than expected cost savings.

Price Target Risks and Methodology - GFS Co.
We are Buy/Neutral on GFS-A/H. Our 12-month target prices of Rmb 30.24/HK$ 18.84 are based on 14x/8x 2027E P/Es.

Upside risks: 1) improving brokerage fee and IBD income, 2) increasing asset management AUM, 3) more cost saving to support ROE.

Downside risks: 1) weaker-than-expected China capital market, 2) decrease in AUM and fee rate, 3) higher cost income ratio.

Price Target Risks and Methodology - Futu Holdings
We are Buy rated on FUTU with a 12-month TP of US$ 205.00, based on a 12m forward P/E of 19x.

Downside risks: 1) Slower-than-expected new client growth. 2) Slower-than-expected client AUM growth. 3) Lower-than-expected client trading velocity. 4) A greater-than-expected negative impact on interest income from Fed rate cuts.