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China Securities

3Q26 preview: Weak Market Backdrop, but CICC and CMS Poised to Outperform

Banks & Financial Services

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Eight brokers under our coverage are scheduled to report 3Q26 results over the coming weeks. Please refer to Table 1 for the reporting schedule and Table 2-Table 3 for our quarterly earnings forecasts. We believe market expectations are already subdued, reflecting a challenging operating backdrop in 3Q26. Quarterly ADT declined 21% QoQ, while weaker equity market performance is likely to pressure investment income, with the CSI 300 and STAR 50 indices down 12% and 31% QoQ, respectively. We forecast aggregate net profit for brokers under our coverage to decline 24% QoQ but increase 23% YoY in 3Q26. Company-level performance should remain highly divergent, in our view. We expect CICC and CMS to deliver sector-leading results, with profit growth of 128% YoY and 89% YoY, respectively, supported by robust IPO activity and CXMT-related investment gains. In contrast, Galaxy, Huatai and GTHT may disappoint, due to a high earnings base in 3Q25 and weaker investment performance amid softer equity markets. We continue to prefer CICC and CMS into the results season. Our pecking order remains: CICC > CMS = GF > Citic Sec > GTHT > Huatai = Galaxy > East Money.

- **3Q26 trends – sequential earnings pressure from softer trading activity and weaker equity market performance:** Retail-related business trends softened in 3Q26, with market ADT declining 21% QoQ to RMB2.28tn, while average margin financing balances fell 4% QoQ. Meanwhile, equity market performance weakened meaningfully, with the CSI 300 Index and STAR 50 Index declining 12% and 31% QoQ, respectively, which could negatively affect brokers with greater exposure to IPO co-investments and proprietary equity trading (i.e.: GTHT). On the positive side, both A-share and Hong Kong IPO activity remained robust, reaching the highest quarterly levels in the past two to three years, benefiting leading brokers (i.e.: CICC and Citic Sec). CXMT-related investment income should support broker revenues in 3Q, with CMS and CICC expected to benefit the most. On net basis, we expect China brokers in our coverage to see 8% YoY revenues and 23% YoY profit growth (or -24% QoQ) in 3Q26.

- **Company-level performance – CICC and CMS to stand out, Galaxy, Huatai and GTHT may disappoint**: Table 2-Table 3 summarize our quarterly revenue and net profit estimates for brokers. We expect CICC and CMS to deliver the strongest 3Q26 results among China brokers in our coverage, partly supported by the CXMT related investment gain. In comparison, we expect Galaxy, Huatai and GTHT to disappoint in 3Q. We expect Galaxy and Huatai to report -24% and -17% y/y decline in net profit, due to declining retail activities and a high base from 3Q25, while GTHT may see pressure on investment income as it has relatively high exposure to equity investment.

- **Our sector view: remain selective; accumulate high-quality brokers on weakness:** A- and H-share brokers currently trade at 0.94x and 0.63x forward P/B, respectively. We believe the soft 3Q26 sector earnings outlook and weaker investor sentiment are largely priced in. Recent share price weakness therefore presents an opportunity to accumulate leading brokers (e.g., CICC and Citic

See page 8 for analyst certification and important disclosures, including non-US analyst disclosures.

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Sec) and names with strong 3Q earnings momentum (e.g., CICC and CMS), in our view. We also note that southbound ownership in GTHT and Galaxy Securities has increased since end-August, which could provide some support to their H-share performance despite near-term earnings volatility (Table 13).

Table 1: Earnings reporting schedule of China brokers under our coverage

China brokers	Ticker (CH)	Ticker (HK)	Expected date	Day of week	Briefing details
East Money	300059 CH		10/23/2026	Fri	TBA
Citic Sec	600030 CH	6030 HK	10/26/2026	Mon	TBA
Galaxy		6881 HK	10/29/2026	Thu	TBA
GF	000776 CH	1776 HK	10/29/2026	Thu	TBA
CMS	600999 CH	6099 HK	10/29/2026	Thu	TBA
CICC		3908 HK	10/30/2026	Fri	TBA
Huatai	601688 CH	6886 HK	10/30/2026	Fri	TBA
GTHT	601211 CH	2611 HK	10/30/2026	Fri	TBA

Source: SSE, HKEX. Company data.

Table 2: Summary of quarterly net profit trends

Rmb mn	3Q25	4Q25	1Q26	2Q26	3Q26	QoQ	YoY
CICC	2,236	3,224	3,577	4,622	5,099	10%	128%
CMS	3,686	3,478	3,271	7,354	6,983	-5%	89%
GF	4,465	2,767	4,707	6,944	4,720	-32%	6%
East Money	3,530	2,988	3,738	4,327	3,616	-16%	2%
Citic Sec	9,440	6,917	10,216	13,127	9,415	-28%	0%
GTHT	6,337	5,735	6,388	13,871	6,187	-55%	-2%
Huatai	5,183	3,651	4,800	6,891	4,296	-38%	-17%
Galaxy	4,480	1,551	3,320	4,476	3,401	-24%	-24%
Average						**-24%**	**23%**

Source: Company reports. J.P. Morgan estimates.

Table 3: Summary of quarterly revenue trends

Rmb mn	3Q25	4Q25	1Q26	2Q26	3Q26	QoQ	YoY
CMS	7,723	6,728	6,973	14,928	13,638	-9%	77%
CICC	7,933	7,720	8,825	10,477	11,200	7%	41%
GF	10,766	9,328	11,682	15,201	11,444	-25%	6%
East Money	4,733	4,479	5,031	5,474	4,879	-11%	3%
Citic	22,775	19,040	23,155	26,537	21,718	-18%	-5%
Huatai	10,909	8,681	10,422	13,236	9,310	-30%	-15%
Galaxy	9,004	5,552	7,355	9,495	7,452	-22%	-17%
GTHT	22,019	17,216	16,232	30,931	15,668	-49%	-29%
Average						**-20%**	**8%**

Source: Company reports. J.P. Morgan estimates.

Table 4: Key operating data for the broker sector

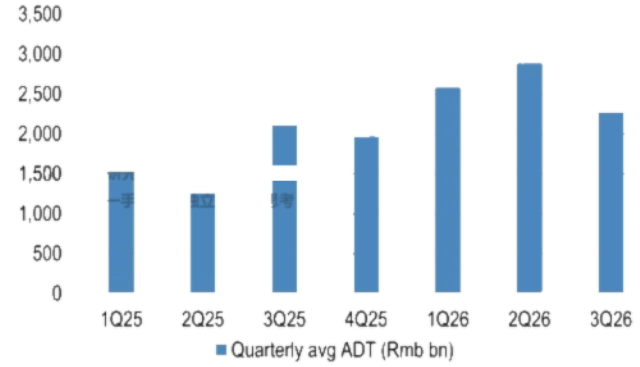
System trends (Rmb bn)	3Q25	4Q25	1Q26	2Q26	3Q26	QoQ	YoY
ADT(Rmb bn)	2,112	1,975	2,583	2,886	2,278	-21%	8%
Aggregate turnover (Rmb bn)	139,389	118,477	144,628	173,172	148,091	-14%	6%
Margin financing balance (Rmb bn)	2,394	2,541	2,609	3,020	2,611	-14%	9%
Avg Margin financing balance (Rmb bn)	2,120	2,490	2,663	2,825	2,714		
CSI 300 Index	4,641	4,630	4,450	4,979	4,358		
CSI 300 Index QoQ	18%	0%	-4%	12%	-12%		
STAR 50 Index	1,495	1,344	1,256	2,208	1,530		
STAR 50 Index QoQ	49%	-10%	-7%	76%	-31%		

Source: CEIC, Bloomberg Finance L.P. Data as of Oct 19th, 2026.

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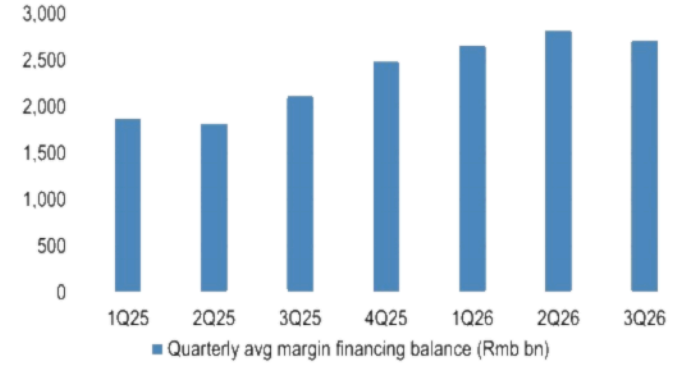
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Figure 1: Quarterly ADT reached Rmb2.28trn in 3Q26. -21% QoQ or +8% YoY



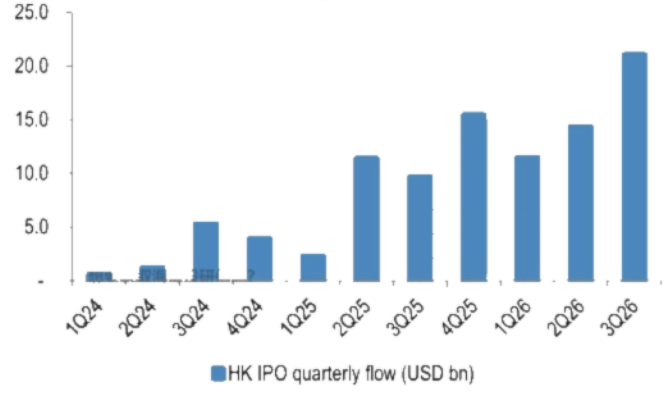
Source: CEIC.

Figure 2: Quarterly average margin financing balance was Rmb2.71trn in 3Q. -4% QoQ or +28% YoY



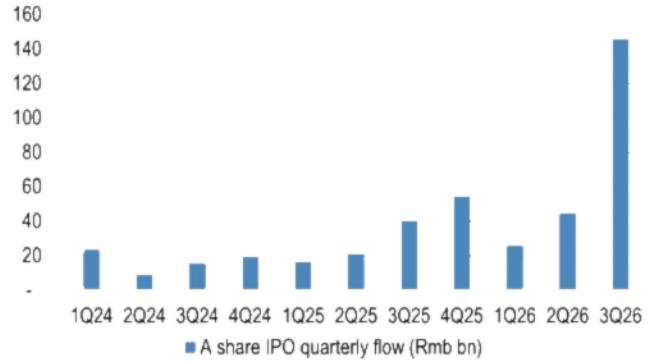
Source: CEIC.

Figure 3: HK IPO flow increased by 47% QoQ or 117% YoY to US$21.1bn in 3Q26



Source: Bloomberg Finance L.P. Data as of Oct 19th, 2026.

Figure 4: A share IPO flow grew by 226% QoQ or 265% YoY to Rmb146bn in 3Q



Source: Wind. Data as of Oct 19th, 2026.

Table 5: East Money quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
Key PnL items							
Operating revenue	4,733	4,479	5,031	5,474	4,879	-11%	3%
Business revenue (fund sales, data, internet Ads)	966	989	1,063	1,217	1,132	-7%	17%
Net interest income (securities service and others)	974	1,030	1,101	1,170	1,123	-4%	15%
Net fee income (securities service and others)	2,793	2,460	2,867	3,088	2,625	-15%	-6%
Operating expense	1,228	1,420	1,309	1,381	1,301	-6%	6%
Gross Operating Profit	3,505	3,059	3,722	4,094	3,578	-13%	2%
Other income & expense	599	414	668	1,009	676	-33%	13%
PBT	4,104	3,473	4,390	5,103	4,254	-17%	4%
tax	573	477	640	771	638	-17%	11%
Attributable income	**3,530**	**2,988**	**3,738**	**4,327**	**3,616**	**-16%**	**2%**

Source: Company reports. J.P. Morgan estimates.

Table 6: CICC quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	4,141	4,874	4,637	4,663	4,549	-2%	10%
Net brokerage income	1,863	1,655	2,005	2,093	1,779	-15%	-4%
Net investment banking income	1,273	2,091	1,545	1,386	1,663	20%	31%
Net asset mgmt fee	382	520	397	439	421	-4%	10%
Other	623	608	689	745	686	-8%	10%
Net interest income	(169)	(18)	108	99	49	-50%	-129%
Investment gains	3,725	3,244	4,201	5,989	6,701	12%	80%
Other income	236	(380)	(121)	(274)	(100)	-64%	-142%
Total revenue and other income	**7,933**	**7,720**	**8,825**	**10,477**	**11,200**	**7%**	**41%**
Operating expenses	**(5,198)**	**(3,608)**	**(4,308)**	**(4,590)**	**(4,872)**	**6%**	**-6%**
Impairment loss	**(152)**	**(190)**	**(54)**	**(141)**	**(80)**	**-43%**	**-47%**
Profit before tax	**2,570**	**3,986**	**4,471**	**5,737**	**6,248**	**9%**	**143%**
Income Tax	(339)	(751)	(870)	(1,069)	(1,129)	6%	233%
Net profits	2,231	3,235	3,601	4,668	5,119	10%	129%
Minority interest	5	(11)	(24)	(46)	(20)	-56%	-482%
Attributable profits	**2,236**	**3,224**	**3,577**	**4,622**	**5,099**	**10%**	**128%**

Source: Company reports. J.P. Morgan estimates.

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Table 7: Citic Sec quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	9,742	10,286	10,270	11,158	11,178	0%	15%
Net brokerage income	4,537	3,814	4,915	4,941	4,200	-15%	-7%
Net investment banking income	1,591	2,647	1,207	1,815	1,997	10%	25%
Net asset mgmt fee	3,259	3,474	3,505	3,677	3,640	-1%	12%
Other	355	351	642	725	652	-10%	84%
Net interest income	542	866	1,053	703	689	-2%	27%
Investment gains	12,704	7,032	11,929	15,464	10,052	-35%	-21%
Other income	(213)	855	(97)	(788)	(200)	-75%	-6%
Total revenue and other income	**22,775**	**19,040**	**23,155**	**26,537**	**21,718**	**-18%**	**-5%**
Operating expenses	**(9,228)**	**(8,993)**	**(9,518)**	**(9,361)**	**(9,339)**	**0%**	**1%**
Impairment loss	**(920)**	**(189)**	**(417)**	**335**	**(150)**	**-145%**	**-84%**
Operating income	**12,627**	**9,857**	**13,220**	**17,511**	**12,229**	**-30%**	**-3%**
Non operating income	2	(409)	7	(303)	5	-102%	184%
Profit before tax	12,629	9,448	13,227	17,207	12,234	-29%	-3%
Income Tax	(2,859)	(2,357)	(2,768)	(3,779)	(2,569)	-32%	-10%
Net profits	9,769	7,091	10,459	13,429	9,665	-28%	-1%
Minority interest	(330)	(174)	(243)	(302)	(250)	-17%	-24%
Attributable profits	**9,440**	**6,917**	**10,216**	**13,127**	**9,415**	**-28%**	**0%**

Source: Company reports, J.P. Morgan estimates.

Table 8: CMS quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	3,372	3,214	3,156	3,637	3,039	-16%	-10%
Net brokerage income	2,867	2,293	2,590	2,795	2,375	-15%	-17%
Net investment banking income	107	518	180	424	255	-40%	137%
Net asset mgmt fee	213	220	194	211	213	1%	0%
Other	185	183	193	207	197	-5%	6%
Net interest income	648	662	721	819	794	-3%	23%
Investment gains	3,604	2,719	3,154	10,507	9,854	-6%	173%
Other income	99	133	(59)	(33)	(50)	50%	-151%
Total revenue and other income	**7,723**	**6,728**	**6,973**	**14,928**	**13,638**	**-9%**	**77%**
Operating expenses	(3,439)	(2,381)	(3,075)	(5,538)	(4,910)	-11%	43%
Impairment loss	8	(283)	(78)	(172)	(80)	-53%	-1130%
Profit before tax	**4,292**	**4,100**	**3,820**	**9,204**	**8,728**	**-5%**	**103%**
Income Tax	(606)	(656)	(549)	(1,847)	(1,746)	-6%	188%
Net profits	3,686	3,444	3,271	7,357	6,983	-5%	89%
Minority interest	1	(34)	1	3	0	-100%	-100%
Attributable profits	**3,686**	**3,478**	**3,271**	**7,354**	**6,983**	**-5%**	**89%**

Source: Company reports, J.P. Morgan estimates.

Table 9: Galaxy quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	3,004	3,164	2,964	3,308	2,704	-18%	-10%
Net brokerage income	2,658	2,541	2,701	2,891	2,457	-15%	-8%
Net investment banking income	159	354	106	232	174	-25%	9%
Net asset mgmt fee	128	121	115	58	61	5%	-52%
Other	59	148	42	127	12	-91%	-79%
Net interest income	1,267	1,276	1,280	1,449	1,391	-4%	10%
Investment gains	4,695	1,038	2,988	4,688	3,286	-30%	-30%
Other income	39	74	122	50	70	40%	80%
Total revenue and other income	**9,004**	**5,552**	**7,355**	**9,495**	**7,452**	**-22%**	**-17%**
Operating expenses	(3,372)	(4,386)	(3,299)	(4,318)	(3,353)	-22%	-1%
Impairment loss	(25)	(994)	4	(164)	(50)	-70%	98%
Profit before tax	**5,619**	**1,159**	**4,053**	**5,170**	**4,048**	**-22%**	**-28%**
Income Tax	(1,139)	393	(733)	(694)	(648)	-7%	-43%
Net profits	4,481	1,551	3,320	4,476	3,401	-24%	-24%
Minority interest	0	(0)	0	0	0	NA	NA
Attributable profits	**4,480**	**1,551**	**3,320**	**4,476**	**3,401**	**-24%**	**-24%**

Source: Company reports. J.P. Morgan estimates.

Table 10: GTHT quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	8,186	8,724	7,515	9,113	7,978	-12%	-3%
Net brokerage income	5,081	4,324	4,727	5,215	4,694	-10%	-8%
Net investment banking income	1,237	2,028	754	1,470	882	-40%	-29%
Net asset mgmt fee	1,695	2,121	1,757	1,952	1,913	-2%	13%
Other	172	251	277	475	489	3%	184%
Net interest income	2,021	3,070	1,760	2,230	2,296	3%	14%
Investment gains	11,560	5,303	6,081	19,764	5,473	-72%	-53%
Other income	253	119	877	(176)	(80)	-55%	-132%
Total revenue and other income	**22,019**	**17,216**	**16,232**	**30,931**	**15,668**	**-49%**	**-29%**
Operating expenses	(9,093)	(8,478)	(7,428)	(11,402)	(7,050)	-38%	-22%
Impairment loss	(1,132)	(1,555)	(435)	(1,059)	(300)	-72%	-74%
Profit before tax	**11,773**	**8,093**	**8,405**	**18,492**	**8,317**	**-55%**	**-29%**
Income Tax	(5,035)	(1,982)	(1,700)	(4,244)	(1,830)	-57%	-64%
Net profits	6,738	6,111	6,704	14,248	6,487	-54%	-4%
Minority interest	401	376	316	377	300	-20%	-25%
Attributable profits	**6,337**	**5,735**	**6,388**	**13,871**	**6,187**	**-55%**	**-2%**

Source: Company reports. J.P. Morgan estimates.

Table 11: Guangfa quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	5,438	5,233	6,004	6,382	5,798	-9%	7%
Net brokerage income	3,058	2,618	3,140	3,415	2,903	-15%	-5%
Net investment banking income	195	369	165	328	246	-25%	26%
Net asset mgmt fee	1,992	2,043	2,461	2,379	2,403	1%	21%
Other	193	204	238	260	247	-5%	28%
Net interest income	631	534	446	533	512	-4%	-19%
Investment gains	4,198	3,620	5,607	8,523	5,284	-38%	26%
Other income	499	(58)	(375)	(237)	(150)	-37%	-130%
Total revenue and other income	**10,766**	**9,328**	**11,682**	**15,201**	**11,444**	**-25%**	**6%**
Operating expenses	(4,919)	(4,727)	(5,449)	(5,438)	(5,150)	-5%	5%
Impairment loss	41	(33)	10	(22)	(50)	132%	-221%
Profit before tax	**5,876**	**3,778**	**6,239**	**9,482**	**6,244**	**-34%**	**6%**
Income Tax	(1,004)	(703)	(1,127)	(1,825)	(1,124)	-38%	12%
Net profits	4,872	3,075	5,112	7,657	5,120	-33%	5%
Minority interest	(408)	(307)	(405)	(712)	(400)	-44%	-2%
Attributable profits	**4,465**	**2,767**	**4,707**	**6,944**	**4,720**	**-32%**	**6%**

Source: Company reports. J.P. Morgan estimates.

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Table 12: Huatai quarterly forecasts

In Rmb mm unless otherwise stated	3Q25	4Q25	1Q26	2Q26	3Q26E	QoQ	YoY
P&L item							
Net commission and fees income	4,179	4,254	4,366	4,606	3,748	-19%	-10%
Net brokerage income	2,835	2,534	2,913	3,351	2,849	-15%	0%
Net investment banking income	780	1,151	861	680	340	-50%	-56%
Net asset mgmt fee	462	443	480	446	437	-2%	-5%
Other	103	125	111	130	123	-5%	20%
Net interest income	1,233	1,126	1,071	1,212	1,176	-3%	-5%
Investment gains	4,867	3,996	5,231	9,091	4,636	-49%	-5%
Other income	629	(694)	(246)	(1,673)	(250)	-85%	-140%
Total revenue and other income	**10,909**	**8,681**	**10,422**	**13,236**	**9,310**	**-30%**	**-15%**
Operating expenses	**(4,619)**	**(4,517)**	**(4,480)**	**(4,279)**	**(4,190)**	**-2%**	**-9%**
Impairment loss	**(298)**	**(295)**	**(69)**	**(1,041)**	**(100)**	**-90%**	**-66%**
Profit before tax	**5,989**	**3,891**	**5,870**	**7,903**	**5,121**	**-35%**	**-14%**
Income Tax	(818)	(240)	(1,059)	(1,011)	(819)	-19%	0%
Net profits	5,170	3,652	4,810	6,891	4,301	-38%	-17%
Minority interest	13	(1)	(10)	(0)	(5)	1024%	-138%
Attributable profits	**5,183**	**3,651**	**4,800**	**6,891**	**4,296**	**-38%**	**-17%**

Source: Company reports. J.P. Morgan estimates.

Table 13: Southbound holding in H share brokers

	CMS	CICC	Citic Sec	GTHT	Galaxy	Guangfa	Huatai
12/31/2025	24.2%	34.4%	37.9%	41.0%	47.5%	59.2%	58.1%
1/31/2026	26.0%	32.9%	38.2%	40.9%	46.2%	54.4%	57.2%
2/28/2026	26.4%	32.3%	38.1%	41.0%	46.7%	54.7%	57.6%
3/31/2026	26.2%	30.1%	37.7%	40.9%	45.8%	55.0%	57.4%
4/30/2026	25.5%	27.6%	35.7%	40.5%	46.6%	54.9%	57.4%
5/31/2026	23.7%	25.8%	35.3%	40.0%	46.5%	54.0%	57.2%
6/30/2026	23.1%	25.4%	34.6%	39.5%	45.9%	54.1%	57.0%
7/31/2026	22.9%	24.9%	34.2%	40.2%	46.2%	54.7%	57.3%
8/31/2026	21.6%	23.3%	25.4%	39.2%	46.2%	54.8%	56.2%
9/30/2026	20.8%	23.4%	25.0%	39.8%	47.1%	54.5%	55.8%
10/17/2026	21.0%	22.7%	25.0%	40.3%	47.4%	54.5%	55.5%

Source: HKEX.