



Planned Erste Bank Shares Float on the PSE

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The information below is based primarily on yesterday's meeting between domestic brokers and PSE representatives.

- ◆ Erste Bank plans a dual listing of its shares on stock exchanges in Vienna and Prague. Reportedly, the float could take place soon, perhaps at the end of July or beginning of August. JP Morgan leads the transaction; it is to hold a presentation on June 25 (source: Bloomberg).
- ◆ Erste Bank plans a capital increase, in which it plans to sell at least 8 mil. new shares, worth at least EUR 590 mil. (source: Bloomberg). Shares floated on the PSE will be CZK denominated.
- ◆ The issue will be included in the PX-50 and PX-D indexes. The weights are yet to be decided, there are several alternatives (e.g., based on the market cap but with the cap on some stocks).
- ◆ The issue will be traded on the main or parallel markets, which implies that it can be purchased by domestic pension funds.
- ◆ The issue will be registered in Clearstream, not in the Czech SCP, which implies a possibility of arbitrage trading between Vienna and Prague. Settlement will only marginally differ from that on the current system.
- ◆ So far, Patria and Ceska sporitelna have indicated their interest in market making for the stock, and we believe other brokers will follow.

Our initial view:

- ◆ As for domestic blue chips, we would expect that, should the float take place, part of the money flow will switch especially from Komerční banka, and possibly from CEZ and Český Telecom, in favor of Erste.

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