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ČSOB and Česká pošta (Czech Post) sign 10-year agreement on banking and insurance services

At an event held today at the main post office in Prague, Česká pošta and ČSOB Group (the Czech Republic Business Unit of KBC Group) concluded a 10-year partnership agreement on the provision of banking and insurance services.

The agreement comes into force on 1 January 2018.

By signing this agreement, Česká pošta and ČSOB Group are extending a quarter of a century of mutual collaboration under the Poštovní spořitelna brand (The Postal Saving Bank).

The new partnership will generate a marked increase in Česká pošta's revenues and profitability, facilitate investments of hundreds of millions of Czech koruna by ČSOB Group and bring about an increase of up to 60% in the number of available specialised counters at post offices.

All of Česká pošta's existing agreements covering the provision of financial services expire at the end of 2017. As of 1 January 2018, ČSOB Group will become the sole partner in providing these services.

The agreement was signed by Česká pošta CEO, Martin Elkán and ČSOB CEO and Chairman of the Board, John Hollows, in the presence of the Minister of the Interior of the Czech Republic, Milan Chovanec.

Česká pošta is a state enterprise that is responsible for the provision of postal services. With a workforce of approximately 33 000, it is the second biggest employer in the country. Poštovní spořitelna provides its services to nearly 2 million clients. ČSOB Group is one of the three biggest providers of financial services in the Czech Republic with total assets of 1.4 billion CZK and the market leader in the areas of mortgage lending, building society savings, private banking and leasing. ČSOB Group is part of the KBC group.

'I expect two key benefits to stem from the collaboration between Česká pošta and ČSOB Group. One is the securing of banking and insurance services throughout the post office network. When the post office is often the last remaining institution in many rural communities, we must use it as the point of contact between citizens and the state as well as other institutions. Financial services undoubtedly belong in this category,' said

Interior Minister, Milan Chovanec. He added: *'The second benefit is that the implementation of the agreement will provide Česká pošta with an additional source of income. As demand for traditional postal services dwindles, Česká pošta can hardly sustain the long-term development of its services without an extra source of finance, not to mention increasing the salaries of its employees who without doubt deserve it for their efforts.'*

Česká pošta CEO, Martin Elkán, commented: *'From the very beginning of the process of selecting a partner for the provision of financial services at post offices, Česká pošta placed a major emphasis on achieving a partnership of equals that would be beneficial for both parties. The agreement reached with ČSOB Group meets that requirement and creates a balanced partnership. A major benefit for employees of Česká pošta derives from having only a single partner in the sphere of banking and insurance services. In the past, there would have been overlaps between different providers' products. This illogical situation has been consigned to history by the present agreement. Another benefit for Česká pošta that should not be overlooked is the 15 percent increase in predicted revenue over the duration of the agreement compared to its current level. We additionally expect the partnership's profitability to increase by 10 percent.'*

CEO and Chairman of the Board at ČSOB, John Hollows, said: *'We are delighted that, from a number of potential partners, Česká pošta chose ČSOB Group. Starting next year, we will become Česká pošta's sole partner in the provision of financial and insurance services. The intensification of the strategic collaboration between ČSOB Group and Česká pošta will produce significant synergies and enable the combining of the partners' knowhow. Our partnership with Česká pošta is not only confirmation of the value of our combined offer of banking and insurance services, adopted from our parent KBC Group, it is also the result of our uncompromising focus on our clients' wishes and needs. Česká pošta and ČSOB will jointly continue to expand the network of post office specialised counters that have already proven their worth as they enable clients of both institutions to enjoy greater convenience when managing their postal and financial needs at a single point of contact.'*

ČSOB Member of the Board responsible for Poštovní spořitelna, Petr Hutla, remarked: *'While configuring the parameters of our continued cooperation under the Poštovní spořitelna brand, both sides were especially keen to ensure that our presence at post offices delivers benefits not only to citizens but also to employees of Česká pošta. People in cities and rural areas alike will be able to enjoy the most accessible banking and insurance services under one roof. The financial and insurance products provided by Poštovní spořitelna will be simple, advantageous and logically interconnected. At the same time, post office employees will see a streamlining of processes and clarification in the product offering. As the leading bank insurance group on the market, ČSOB brings financial stability and security, as well as necessary investments in the areas of infrastructure development and the education of distribution network employees.'*

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