



PORADNA  
PŘI FINANČNÍ TÍSNI

# ACTIVITY REPORT 2009

**Poradna při finanční tísni, o.p.s.**

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## Activity Report

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## Summary

In 2009 Poradna při finanční tísni (further "Poradna") dealt with 11,386 new clients, i. e. more than triple of the number in 2008.

The most frequent problem of their clients was still the execution (distrain, forced property selling after the court decision). Insolvency proceedings were at the second place – voluntary personal bankruptcy according to the Act on Insolvency. In 2009 Poradna dealt with approximately every fourth petition for discharge of a bankrupt (personal bankruptcy) approved by courts in the Czech Republic according to the Act on Insolvency. Every petition for discharge of a bankrupt has a stamp of Poradna which indicates a good quality and correct elements of the petition.

The first branch of Poradna in Ostrava (Moravian-Silesian Region) was opened on January 14, 2009. Mr. Jaroslav Palas, the Regional President (Hetman) of the region, who was present at the opening, said that the region badly needed such a centre. Representatives of Česká spořitelna took part as partners in the opening ceremony as partners of the first branch of Poradna. Three full-time employees currently work in Ostrava branch. Ostrava branch can be reached every "working" Monday through a free green line using a button choice and through a standard telephone line on the other weekdays.

Since January 1, 2009 Poradna has become a regular member of ECDN (European Consumer Debt Network).

On February 9, 2009, Poradna joined the project of financial education under the auspices of the Association of Financial Intermediaries and Financial Advisers of the Czech Republic within which a series of lectures for students at secondary schools and universities was organized.

On April 8, 2009, a new partner of Poradna – Faculty of Business Administration of University of Economics, Prague, nominated new member of the Supervisory Board. The faculty is represented by Mr. Smrčka, a researcher of the Faculty of Business Administration.

On April 20, 2009, a public lecture called "How to manage your debts" was organized in Hradec Králové, where the Director of Poradna was present. 20 regional organizations were invited to participate in the event.

On May 11, 2009, Poradna published a press release "Do not hide yourselves from your creditors". A quick reaction to problems of the family budget is essential. The sooner clients contact their creditors, the easier is to find a solution. If the client makes default in payment, it can be very difficult to agree on reduction of monthly installments. For this reason, it is necessary to address all the existing creditors and ask them to modify the schedule of due dates.

On May 11, 2009, Poradna organized press conference on the assistance to debtors and insolvents in the Czech National Bank. Mr. Josef Tauber, executive manager of the Czech Banking Association, also took part in the conference.

On August 7, 2009, Director of Poradna participated in a live program of ČT 24 channel (Czech Television).

On September 17, 2009, Director of Poradna took part in “Máte slovo” talk show on ČT1 channel.

On October 14, 2009, Director and a lawyer of Poradna had lecture in Ústí nad Labem.

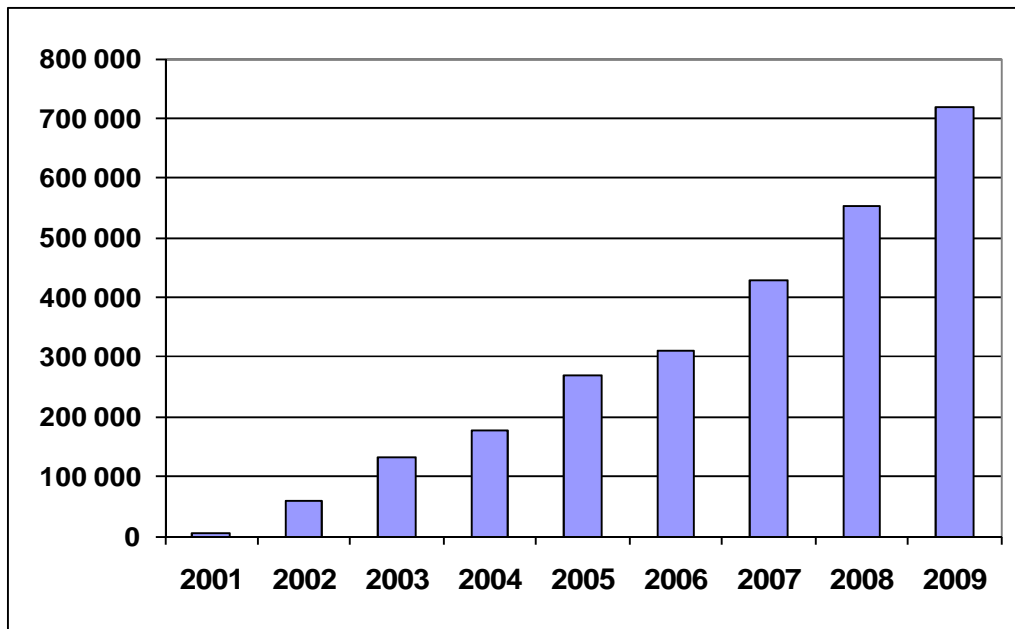
On November 10, 2009, a seminar of the Czech Banking Association on “The ways how to reduce usury” was organized in the Chamber of Deputies of the CR as a contribution to searching consensual and effective solutions of usury practice, where Director of Poradna had lecture and informed about activities of Poradna.

At the end of 2009, a competitive examination for the staff of a new branch of the centre in Ústí nad Labem in North Bohemia (Ústí nad Labem Region), which should be opened in April 2010, took place.

The Director and employees of Poradna participated in internet chats and TV news shots and discussions during the year 2009, they answered journalists’ questions and took part in radio broadcast programs.

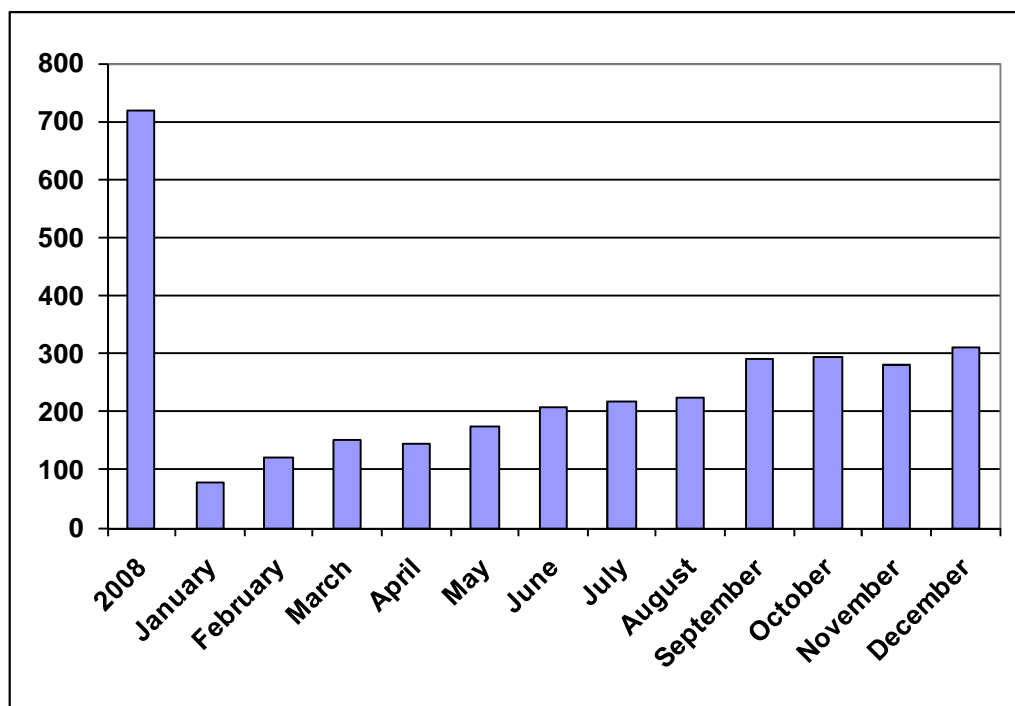
## General situation in the Czech Republic

### Ordered Executions



Source: Executor's chamber

### No. of court personal bankruptcies



Source: CCB – Czech Credit Bureau

## Clients

The total number of clients that approached Poradna with their request for help and information amounted to 11,386 persons during the monitored period (January-December 2009).

However, it is necessary to note that this figure takes into account only the so-called first contacts and includes no further contacts with the client carried out in the course of resolving his/her case (personal meetings, telephone contacts, repeated email correspondence, etc.). The number of two and multiple contacts with one client tends to grow in proportion with an increase in the total number of first contacts. It can be expected that 20-25% of first contacts will be later transformed into multiple contacts with one and the same client.

These facts have a direct impact on Poradna employees' stretch and the consequent need for an increase in the number of staff or possibly branches of Poradna.

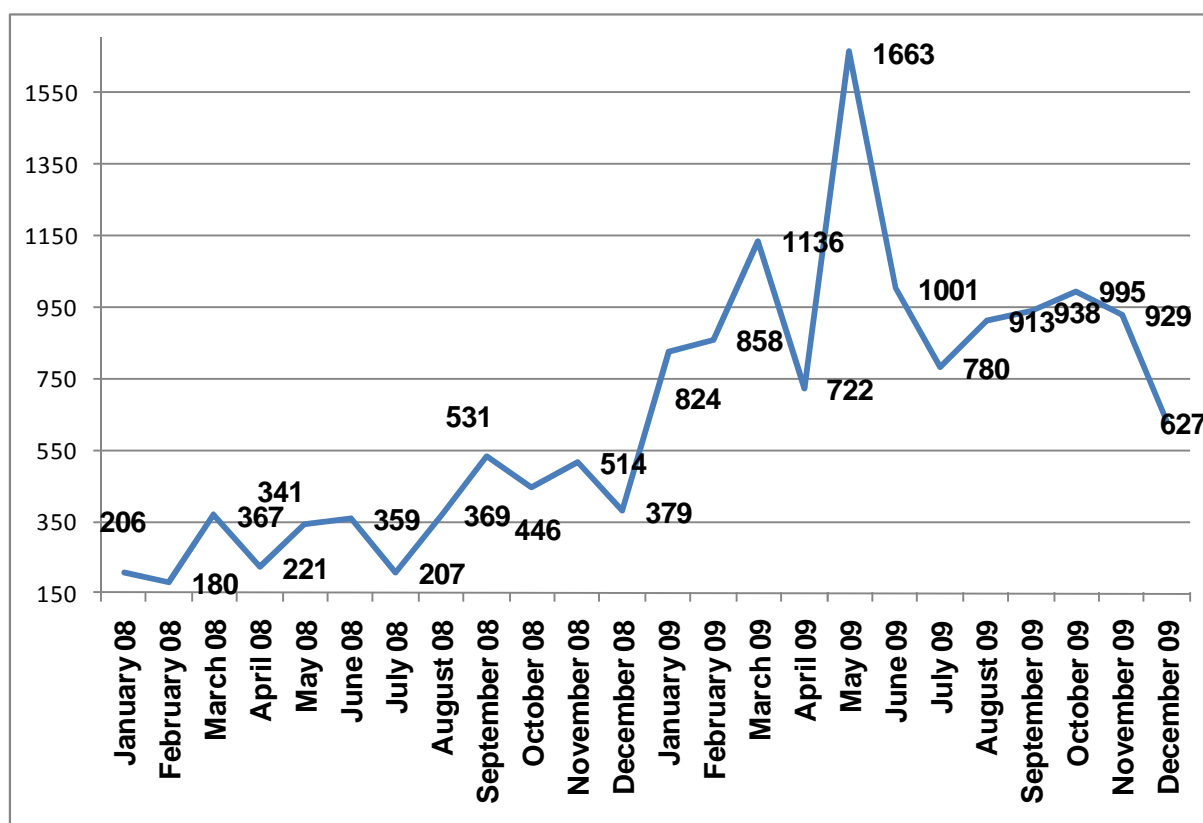


Chart 1: Development in the number of clients approaching the Poradna for the first time

## Forms of Contact

Clients most often contacted the Poradna by telephone. This has been increasingly helped by the existence of the free – of – charge Monday green line. The number of clients contacting the Company had an increasing tendency. The peak in requests was noted after Poradna appeared in the media (television, radio, press, and Internet).

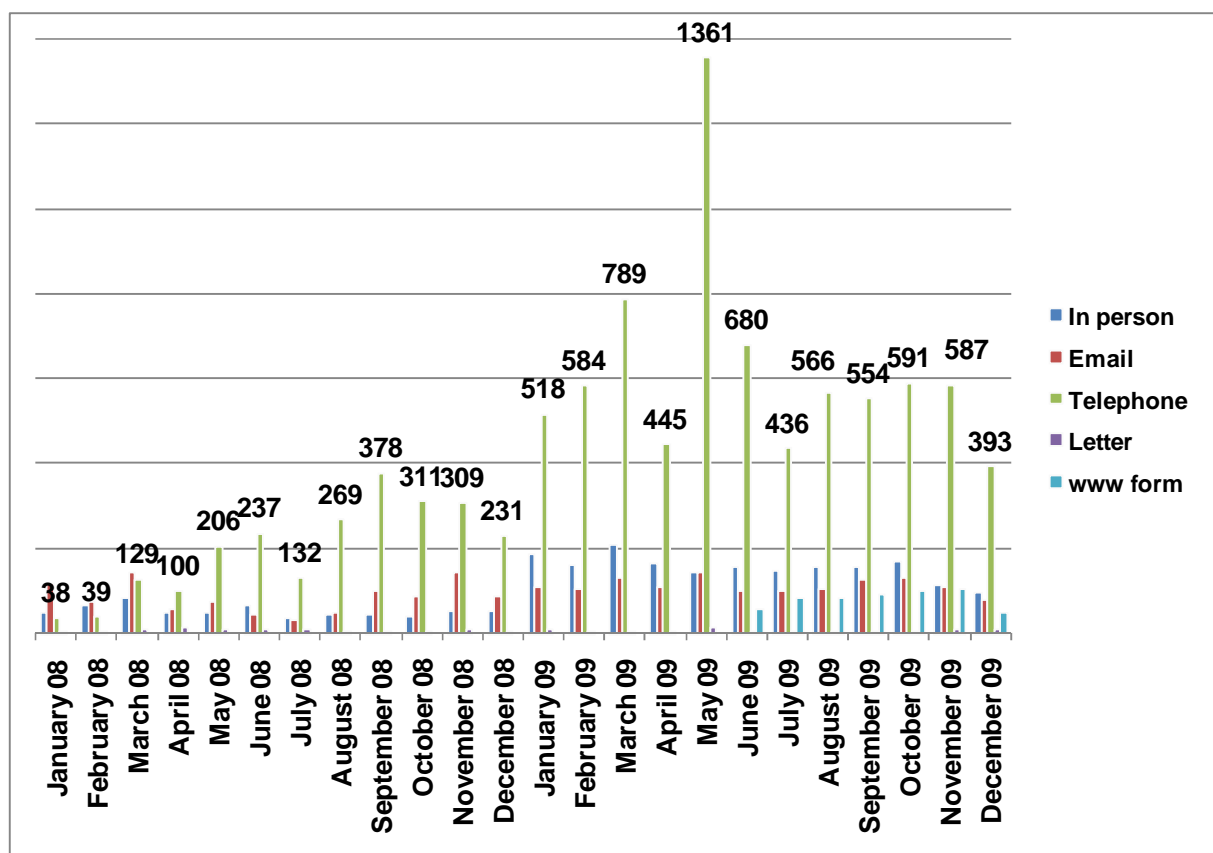


Chart 2: Forms of contacting Poradna

## Green Line

The so-called green line, phone number 800 722 722 free of charge, has operated reinforced by colleagues from new Ostrava branch. For the time being the line operates only on working Mondays from 8:30 to 11:30 and from 13:30 to 17:30. Even so, Poradna met with an enormous interest in such a service.

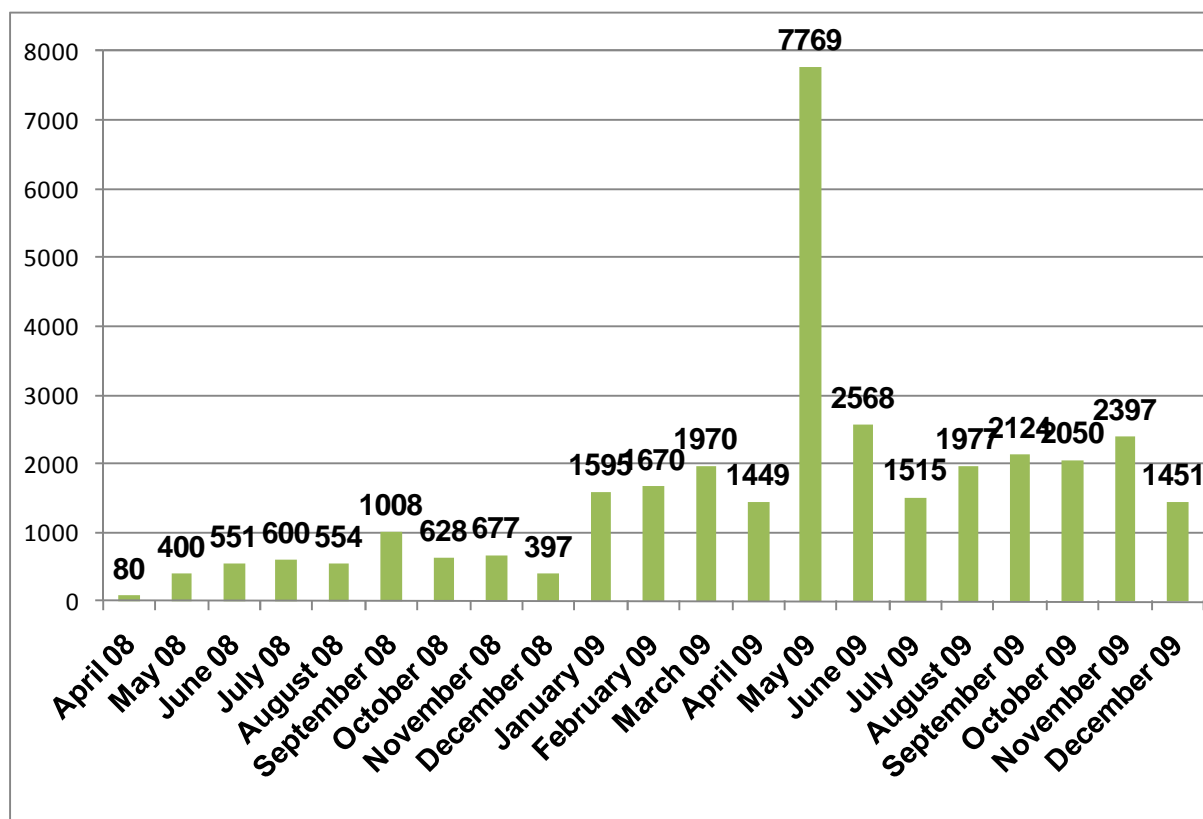


Chart 3: Number of calls to the green line

It is important to point out that the number refers to connections realized according to the operator's statement and not to a number of new clients. Clients use the line repeatedly and they are no more registered by the system. Clients also use the line not only on working Mondays – then they are informed by recorder about the ordinary advisory phone lines in Prague and Ostrava.

## Age Structure

Poradna also monitored clients' age structure. Clients are asked just about their year of birth and then they are divided into age groups. The chart below shows a rough proportional result. The data is nearly similar to the data of the previous year.

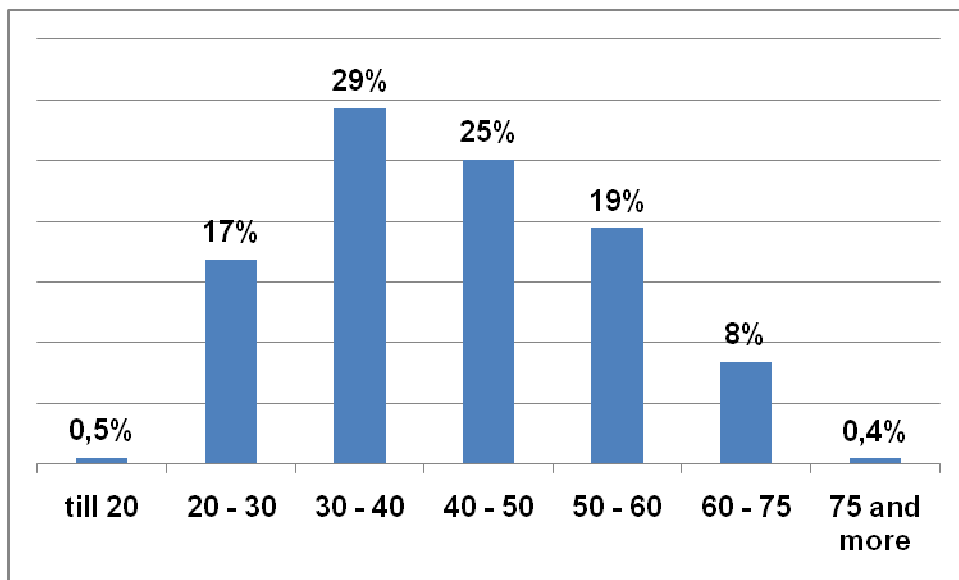


Chart 4: Age structure

## Average Total Debt Amount

Poradna monitored an average amount of total debts of clients during the given period of time. Monitoring includes only the clients who granted their data voluntarily, not all of them.

Poradna defined four basic groups regarding the monitored amount: the first group up to CZK 299,000 (app. EUR 12,000); the second group from CZK 300,000 to CZK 599,000 (app. from EUR 12,000 to EUR 24,000); the third group from CZK 600,000 to CZK 999,000 (app. from EUR 24,000 to EUR 40,000). The last fourth group includes clients with debts exceeding CZK 1 million (app. EUR 40,000). Proportions of particular groups are expressed in percentages.

The second interval of debt amount from app. EUR 12,000 to EUR 24,000 became the top, in comparison to the first interval in the previous year.

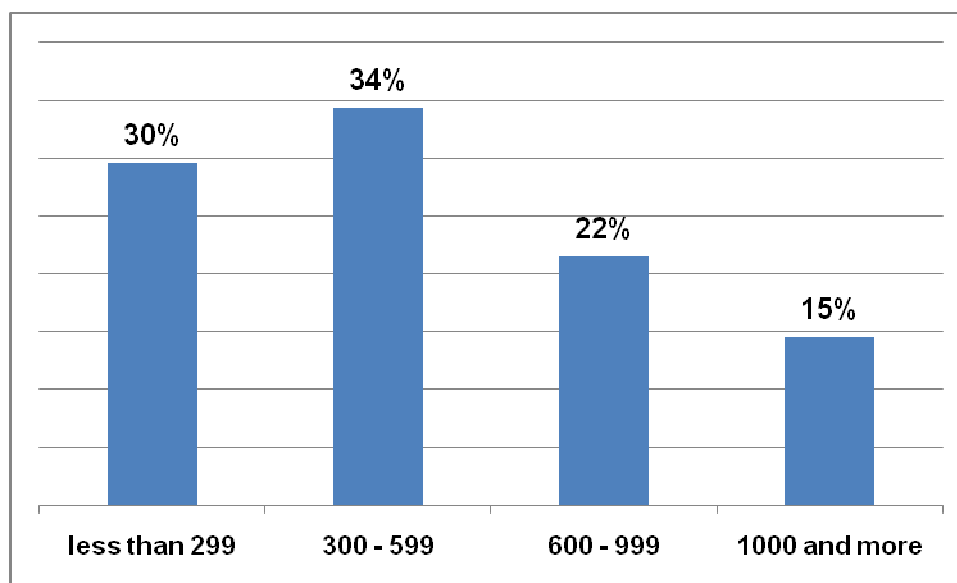


Chart 5: Average debt amount (in thousands of CZK)

## Clients as per their net Incomes

Based on the acquired information it can be stated that an absolute majority of our clients are Employed people. Most frequent net incomes range from CZK 10,000 (app. EUR 400) to CZK 20,000 (app. EUR 800) per month (avg. salary in CR amounts to app. EUR 760).

The data is nearly similar to the data of the previous year.

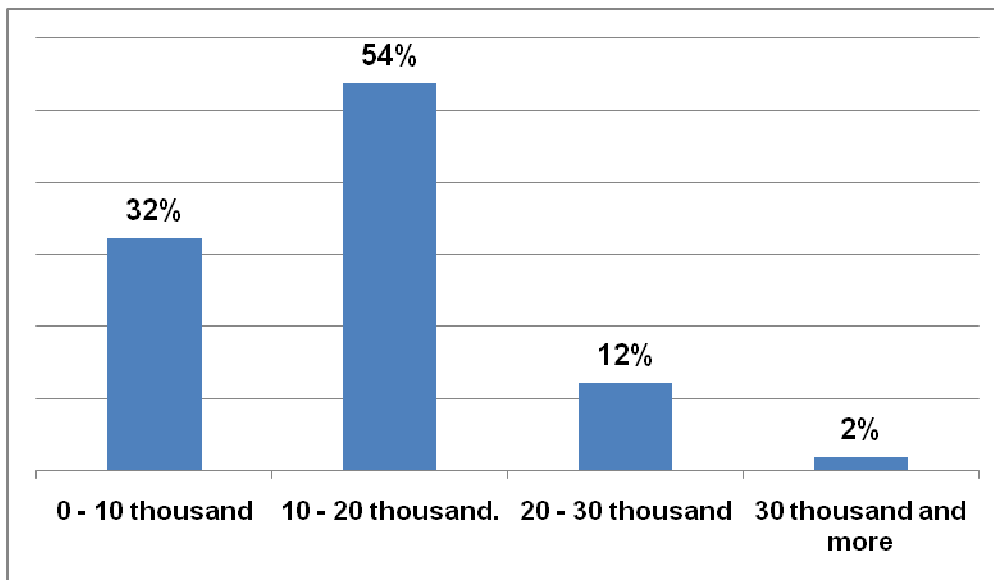


Chart 6: Clients per their net incomes

## Education

The most often acquired education level with our clients is indenture (vocational certificate) those with taken up indent (skilled), followed by the full secondary education (high school).

In comparison to the previous year, the skilled have exceeded the high school.

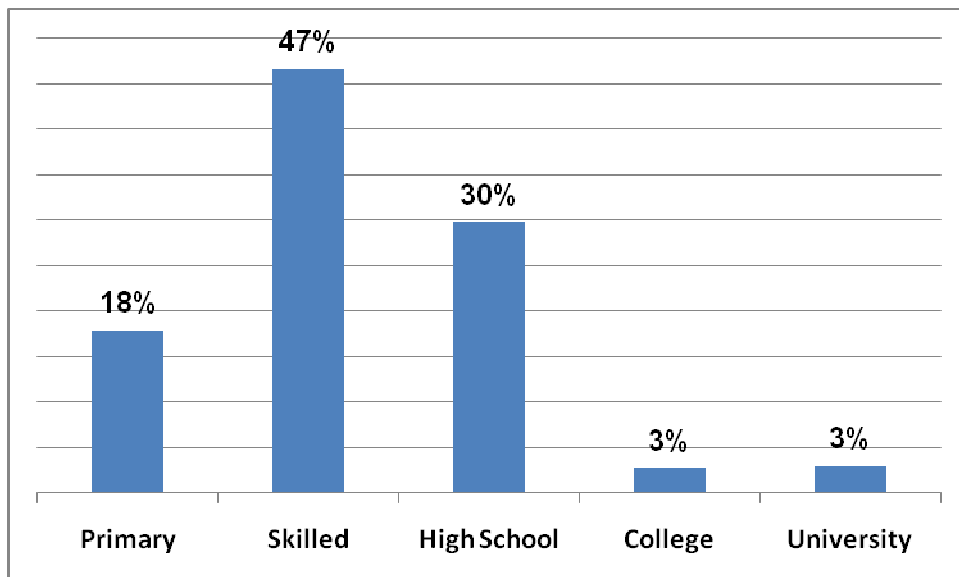


Chart 7: Clients according to their education

## Division of Clients according to the Czech Republic Regions

Another index recorded and monitored by Poradna is the client's place of residence. Due to the complex nature of the factor Poradna tries to track just the regions.

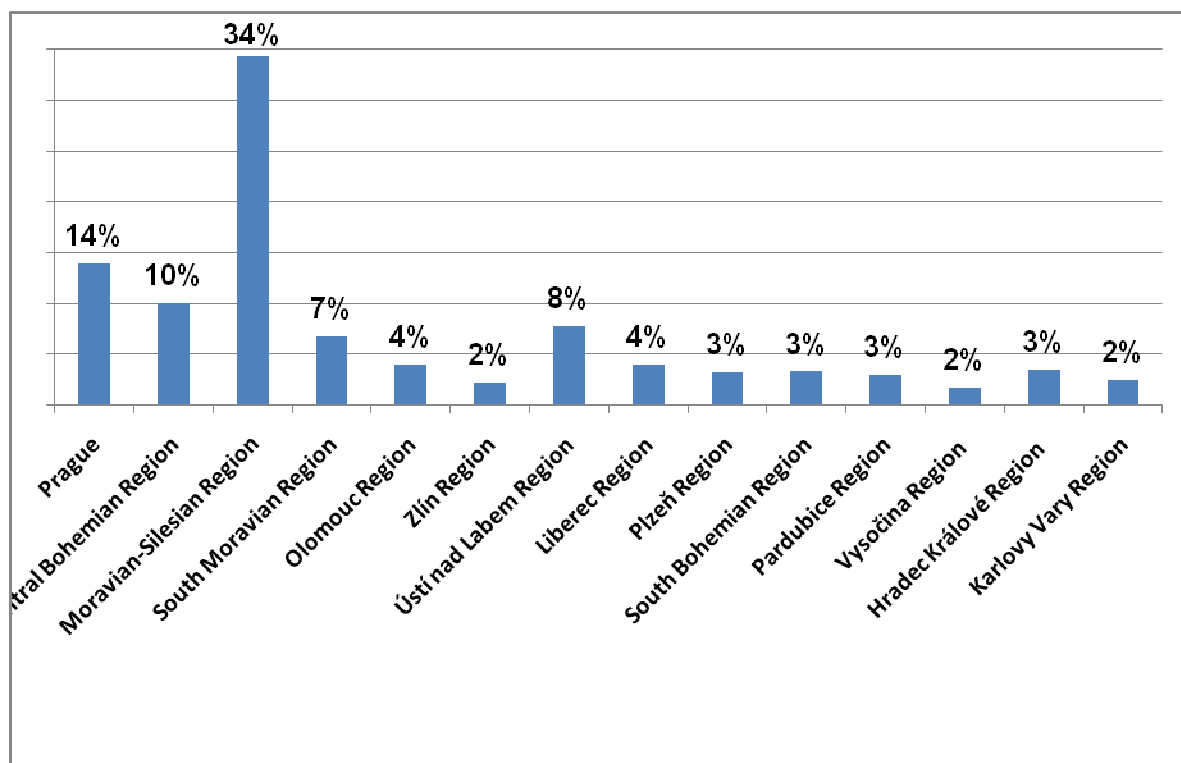


Chart 8: Division of clients according to regions

The chart makes it obvious that even though Poradna is intended for clients from the whole Czech Republic, clients from "Moravian-Silesian Region" prevail. But it would be proper to take a reserve while assessing the fact as quite a large percentage of people did not state their place of residence. This leaves a large space for speculations as to their place of residence and thus these data should be taken as the rough ones. The second and third largest group of clients comes from "Prague" and "Central Bohemian region" outside Prague. The fourth is the North Bohemian "Ústí nad Labem Region" - this is the reason for opening a new branch in 2010 right there.

## Source of Information about the Poradna

Information regarding the knowledge of sources from which our clients draw information about Poradna, is essential. The most heard source of knowledge about Poradna comes from internet and daily life.

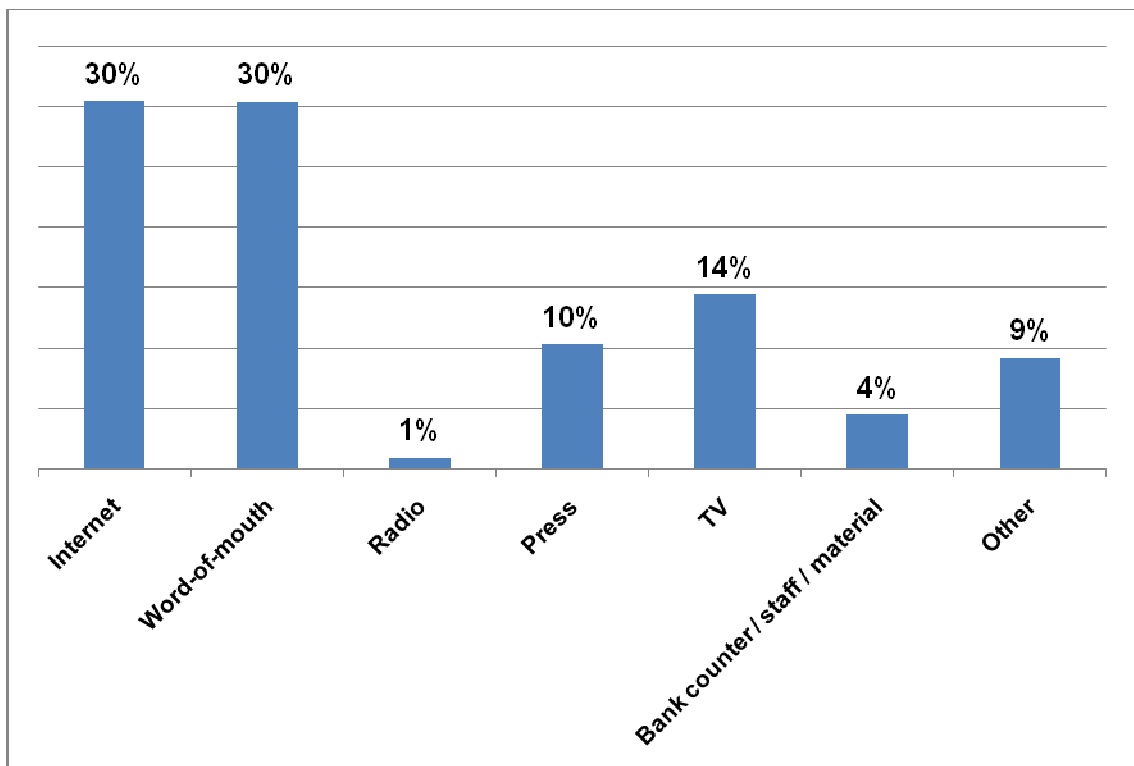


Chart 9: Sources of information about the Poradna

## Grounds of the Client's Insolvency

The grounds of insolvency are varied, principally comprising Excessive liabilities (i.e. overestimation of strengths) – 38.7 %, further Loss of job, Permanent and Temporary decrease in income, Divorce – separation, Business debts, Illness. Poradna's clients also include persons with debts from business activities and persons still actively engaged in business unable to fulfill their liabilities, although offers only the basic advisory service.

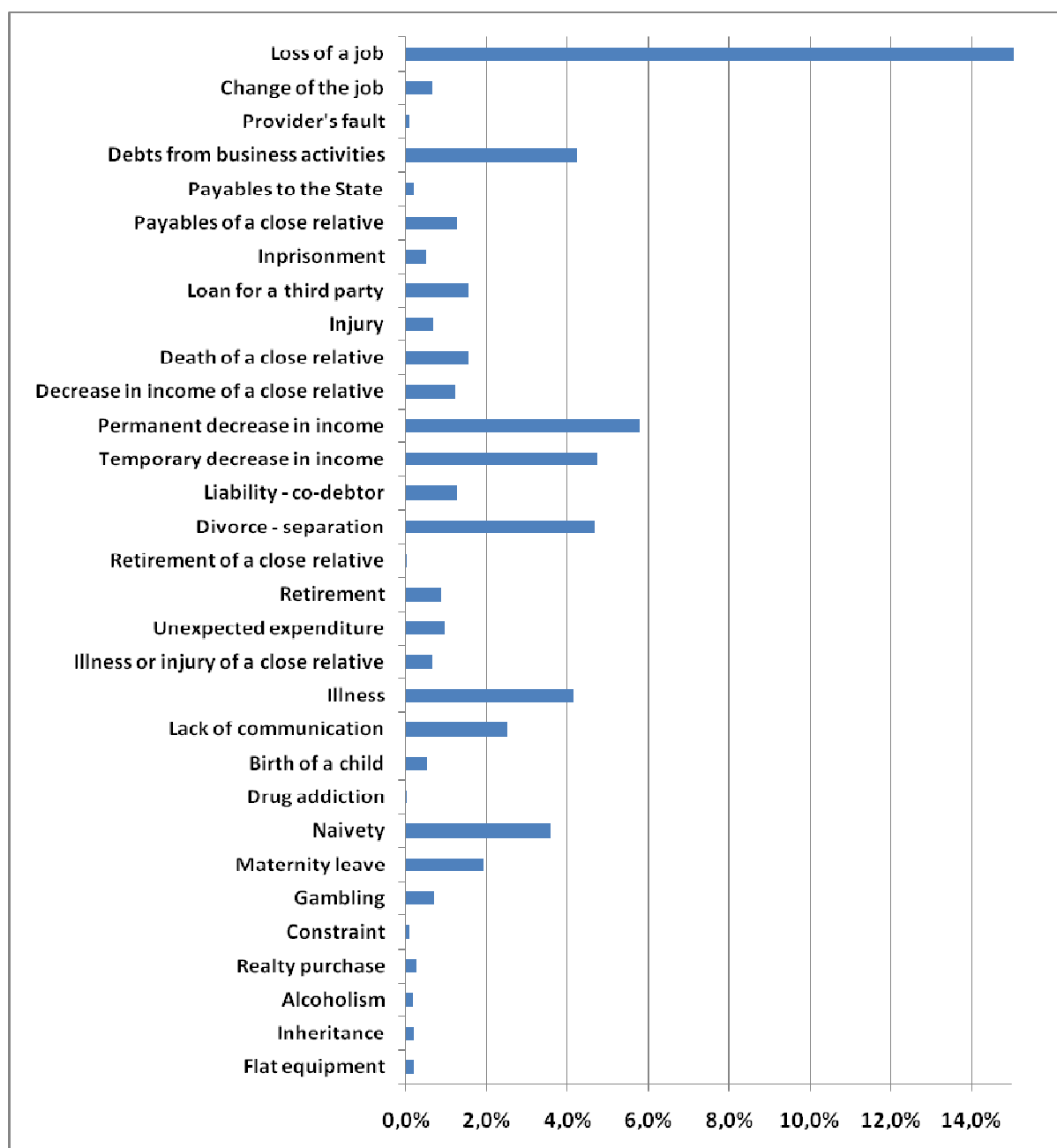


Chart 10: Grounds of the Client's Insolvency

## Statistical Review

MONITORED PERIOD:	01/01/2009/-31/1/2009
	* * *
NUMBER OF CLIENTS:	11,386
MOST FREQUENT FORM OF CONTACT:	BY TELEPHONE
TYPICAL CLIENT:	FROM 30 TO 50 YEARS OF AGE
MOST FREQUENT NET INCOME:	EUR 400 - 800 PER MONTH
MOST FREQUENT EDUCATION:	SKILLED
MOST FREQUENT AMOUNT OF DEBT:	EUR 12,000 - 24,000
CLIENT'S SOURCE OF INFORMATION:	INTERNET

## Budget 2010

<b>Expenses 2010 (EURO)</b>		<b>Receipts 2010 (EURO)</b>	
Rent	49 046	Balance 2009	197 780
Training	4 400	Grant Erste 2009, part II	12 000
Premises adaptation	6 000	Grant Erste 2010, part I	48 000
IT	28 720	Partners' donations	226 606
Advisory green line	18 000	<i>of all</i>	
Labor cost	296 232	ČS (Erste Group)	62 172
Meal tickets	5 049	KB (Société Group)	46 972
Employee benefits	2 940	ČSOB (KBC Group)	37 462
Marketing	8 000	RFB (RFB Group)	20 000
Repre+travelling	8 000	ČMSS (KBC Group)	20 000
Others	26 000	SSČS (Erste Group)	20 000
<i>Reserve 2010</i>	<i>32 000</i>	UCB (UniCredit Group)	20 000
<b>TOTAL EXPENSES</b>	<b>484 387</b>	<b>TOTAL RECEIPTS</b>	<b>484 387</b>

## **Postscript**

Poradna kindly thanks for the sponsorship of all partners provided in 2009.

In Prague on 3 MARCH 2010

**PORADNA PŘI FINANČNÍ TÍSNI, O.P.S.**

**TEL: 222 922 240 MON – FRI 8:00 – 18:00**

**FREE GREEN LINE: 800 722 722 (MONDAYS 8:30 TO 11:30 AND 13:30 TO 17:30)**

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**DAVID ŠMEJKAL, DIRECTOR**