



PORADNA
PŘI FINANČNÍ TÍSNI

ACTIVITY REPORT 2010

Poradna při finanční tísni, o.p.s.

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Activity Report

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Summary

In 2010 Poradna při finanční tísni (further "Poradna") dealt with 10,939 new clients, i. e. nearly the same number of clients as in 2009.

The most frequent problem of their clients was insolvency proceedings - voluntary personal bankruptcy according to the Act on Insolvency. In 2010 Poradna dealt with approximately every seventh submission for discharge of a bankrupt (personal bankruptcy) approved by courts in the Czech Republic according to the Act on Insolvency. Every submission for discharge of a bankrupt made by Poradna has got a stamp of Poradna that indicates a good quality and correct elements (annexes) of the submission for the court.

General problems with paying-off are the second most frequent questions. Poradna asks about the maturity of all obligations to find the best answer to client.

The execution (distrain, forced property selling after the court decision) was at the third place of frequently asked questions.

On January 25, 2010 Director of Poradna participated in a live program of ČT 24 channel (Czech Television).

On February 3, 2010 was released an article and [interview](#) with Director of Poradna.

On May 10, 2010 was opened the third branch of Poradna in Ústí nad Labem (North-Bohemian Region). Mrs. Jana Vařhová, the Regional President (Hetman) of the region, who was present at the opening, said that the Region warmly welcomed opening of such a centre. Representative of Czech Senate Pavel Sušický and famous actor Alois Náhlovský took part in the opening ceremony, as well as the representative of bank partners of Poradna. Two full-time employees and one half-time currently work in Ústí nad Labem branch. Ústí nad Labem 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, as the other branches.

On Juni 8, 2010, Poradna published a press release, warning against Debt restructuring companies. Clients who agree to the terms of Debt restructuring companies lose track of the performance of their contractual obligations. They can get in arrears with payments, leading to subsequent penalties and interest on late payments, and thus an even greater financial burden on consumers. This form of business often leads to abuse of the plight of clients and into even more debts.

On July 15, 2010 Director of Poradna participated in a press conference of Czech Banking Association and not-for-profit public benefit organization Člověk v tísni on the theme of Debt restructuring companies.

On October 1, 2010 came into force new Common standards of not-for-profit debt advice for Poradna.

On October 8, 2010 Director of Poradna participated in a live broadcasting of Czech Radio Region on the theme of the most frequent problems of Poradna clients.

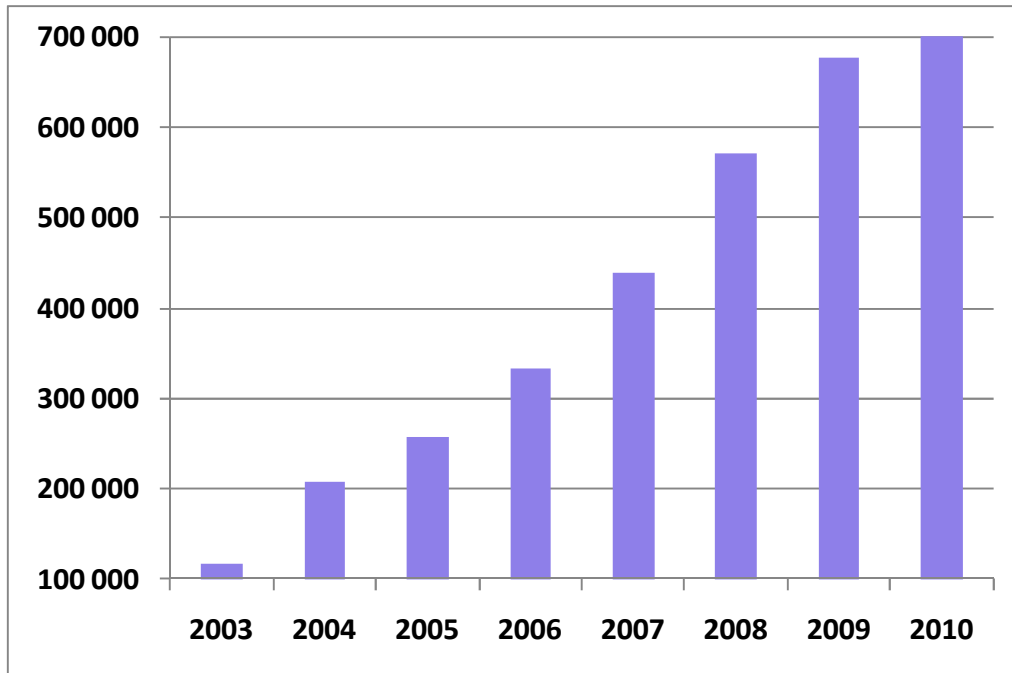
On November 3, 2010 Director and head of Ostrava branch (Moravian Silesian Region) participated in production of Czech TV program (Ta naše povaha česká).

On December 2, 2010 was opened the fourth but "small" branch of Poradna in Litvínov (North-Bohemian Region). Once every fortnight the head of Ústí nad Labem branch is servicing there the clients in the Municipal office premises.

The Director and employees of Poradna participated in a lot of internet chats and TV news shots and discussions during the year 2010, they answered journalists' questions and took part in radio broadcast programs.

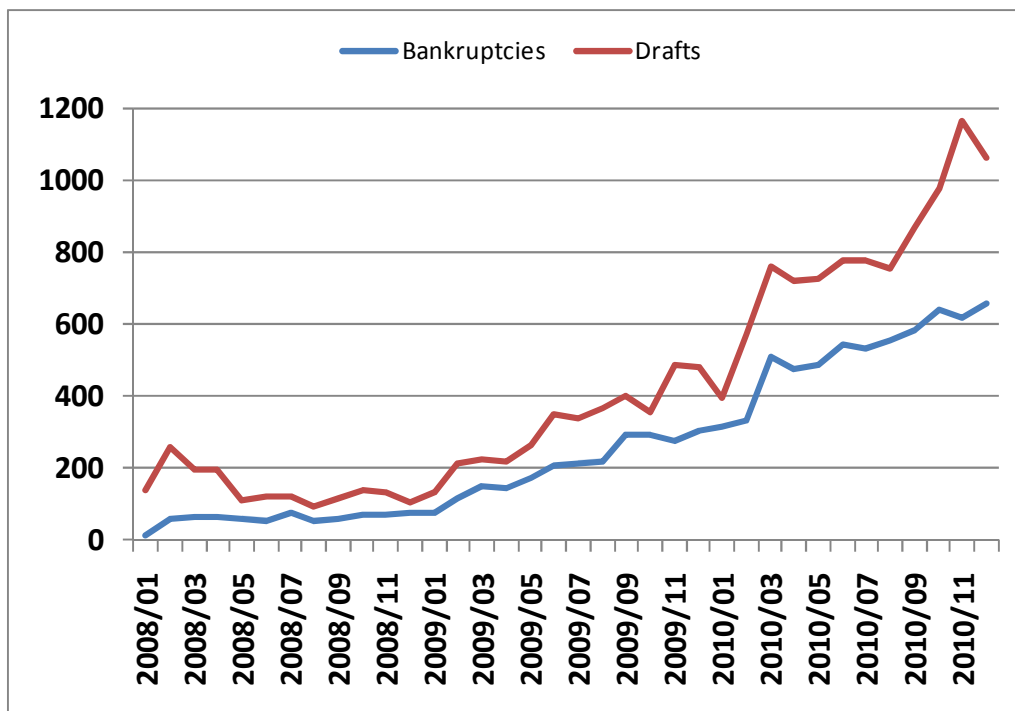
General situation in the Czech Republic

Ordered Executions



Source: Ministry of Justice

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 10,939 persons during the monitored period (January-December 2010). During the year 2009 it was 11,386 clients.

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% of first contacts will be later transformed into multiple contacts with one and the same client.

In the May 2009 Poradna was contacted by an exceptional no. of clients due to TV prime time appearance.

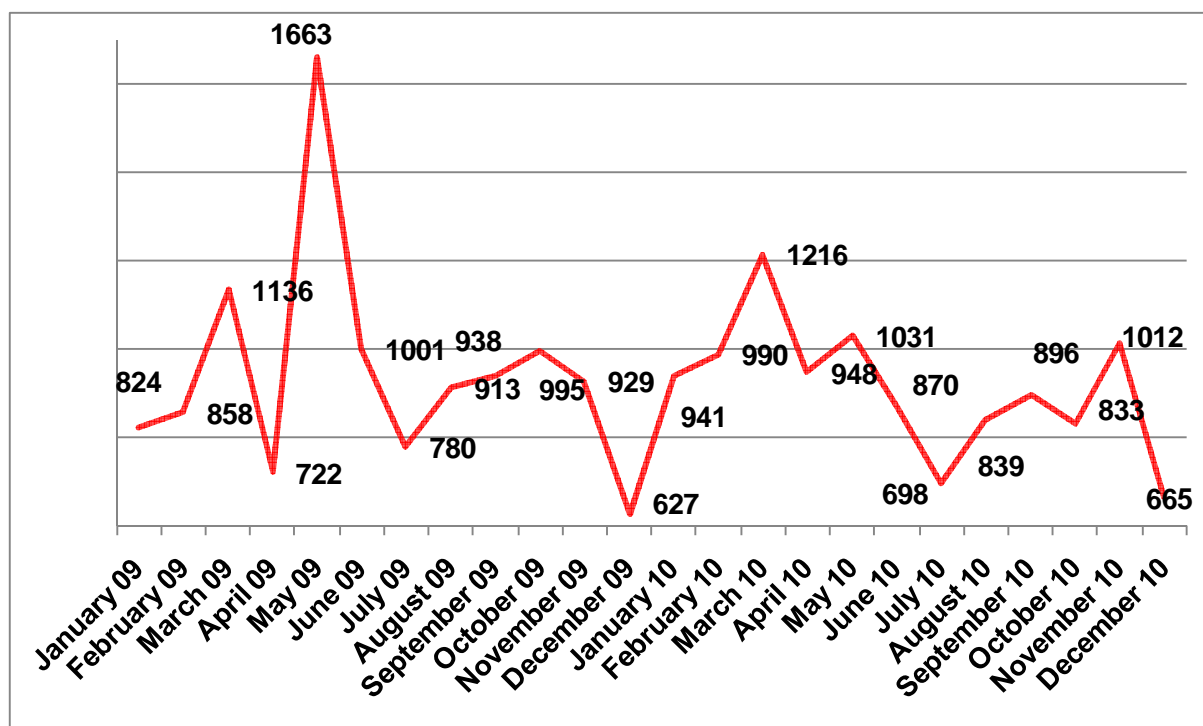


Chart 1: Development in the number of clients approaching the Poradna for the first time

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 Poradna had a stable tendency. The peak in requests was noted after Poradna appeared in the media (television, radio, press, and Internet).

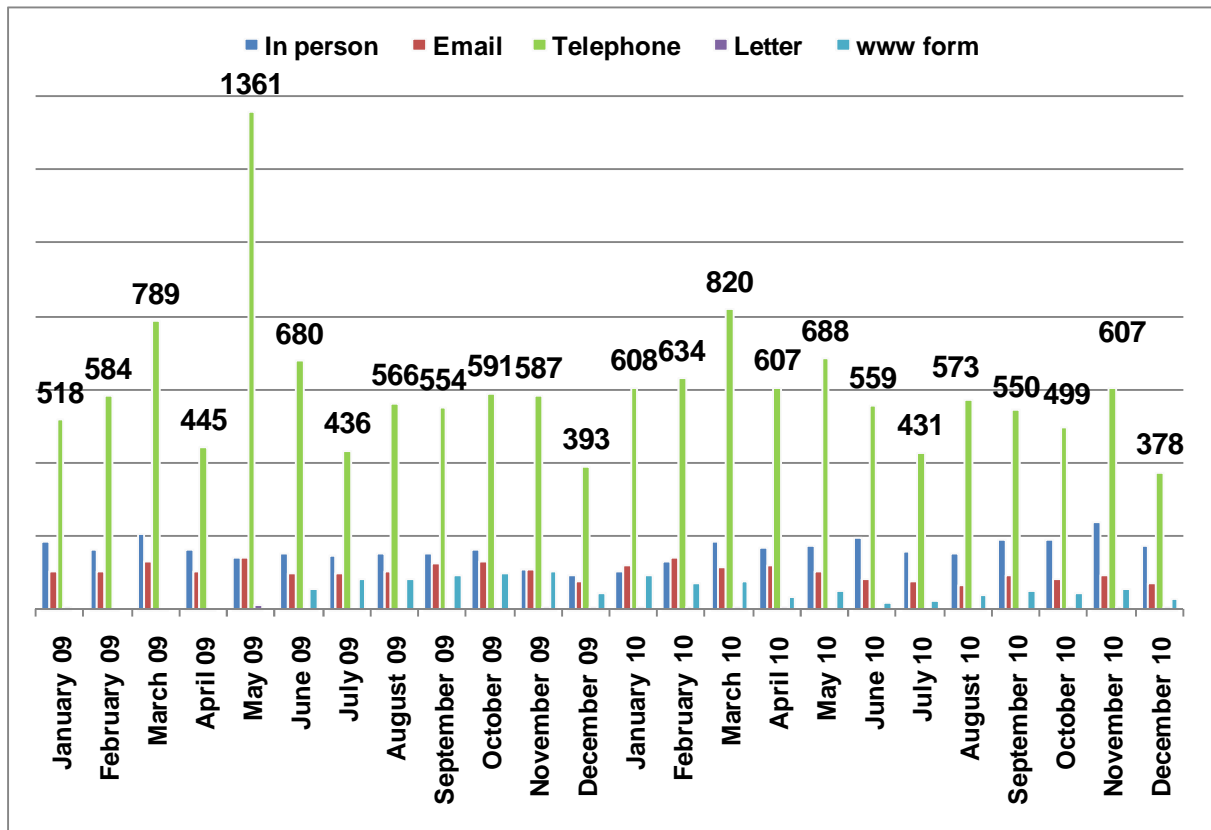


Chart 2: Forms of contacting Poradna

Green Line

The so-called green line, phone number **800 722 722** free of charge, has operated reinforced by colleagues from new Usti nad Labem 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. Since the beginning of operation (March 2008) Poradna answered 52 thousand calls and is continuously trying to communicate the green line to the public.

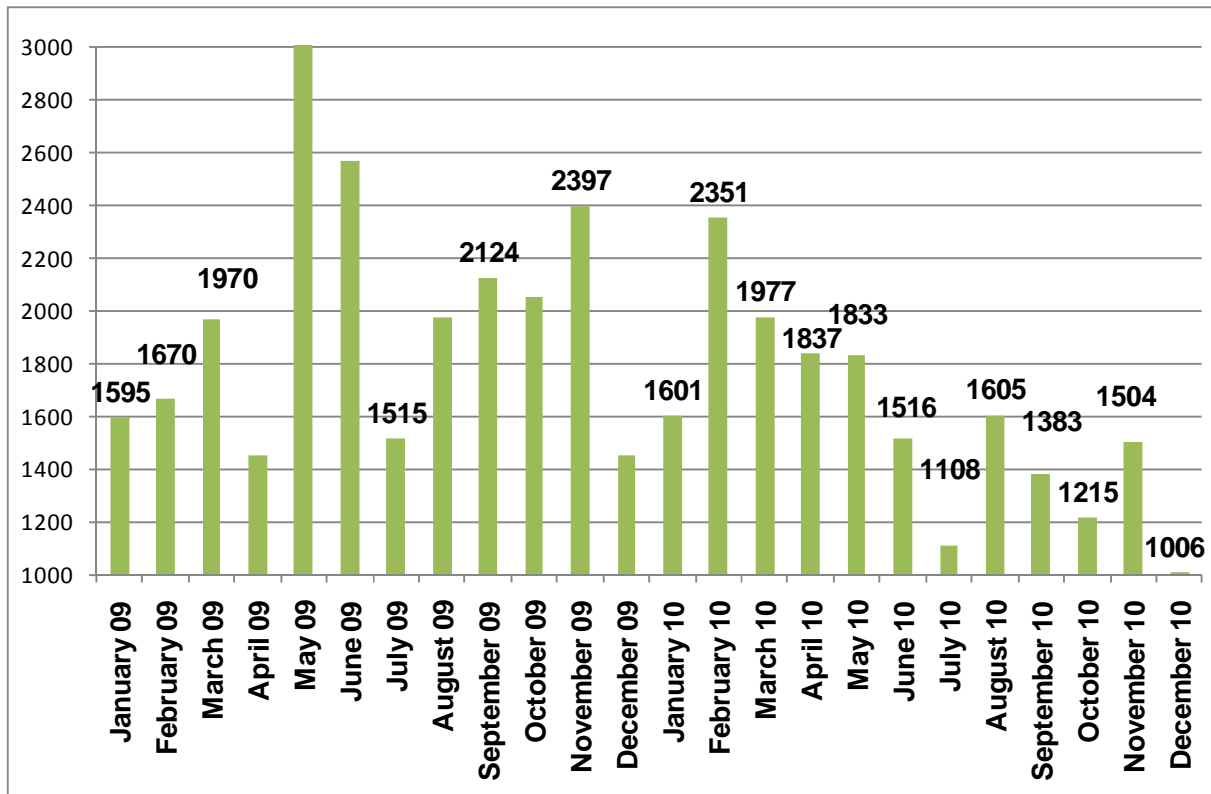


Chart 3: Number of calls to the green line

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 database 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, Ostrava, Ústí nad Labem.

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.

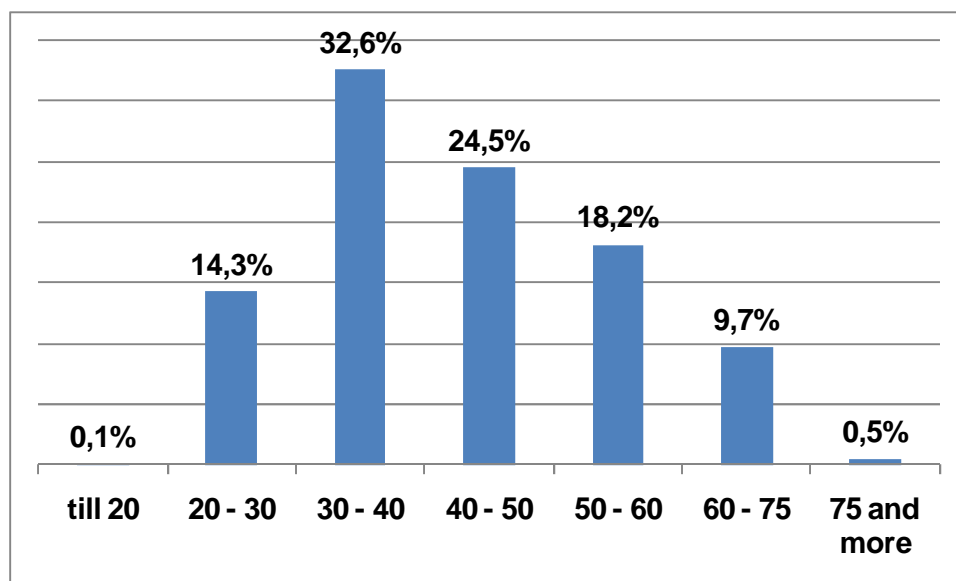


Chart 4: Age structure

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 is the top, in comparison to the year 2009 the higher debts decreased.

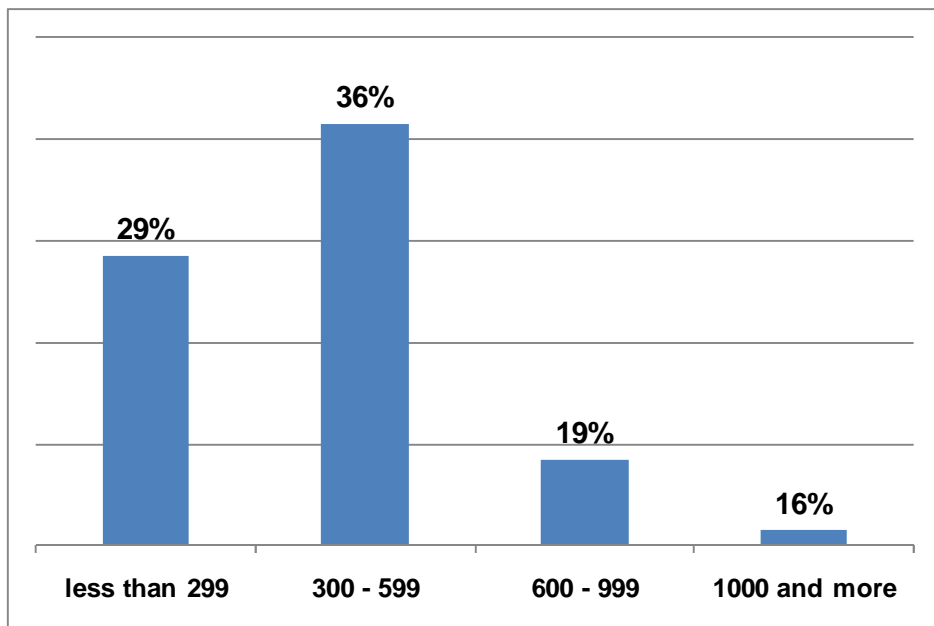


Chart 5: Average debt amount (in thousand of CZK)

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, the middle-income group slightly raised.

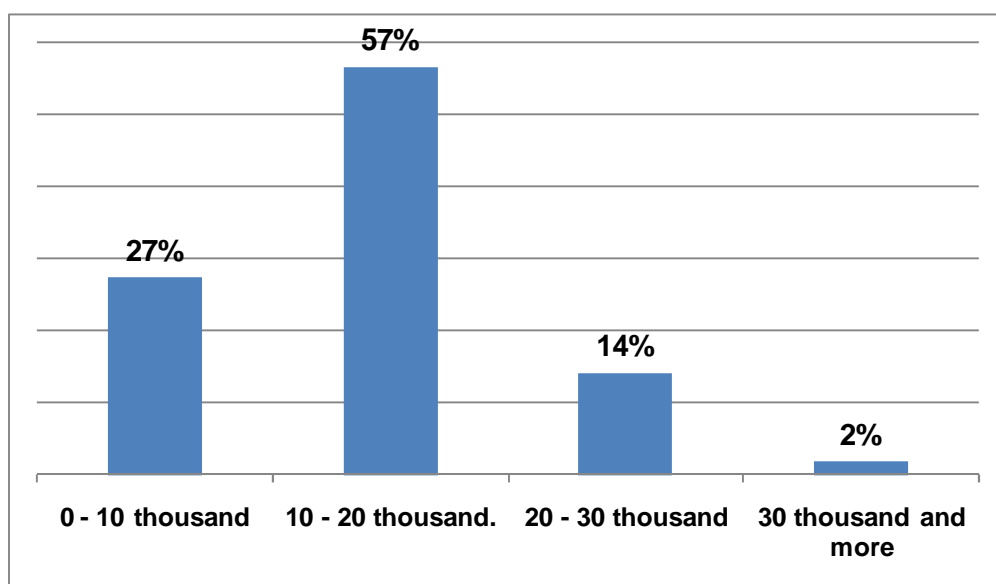


Chart 6: Clients per their net incomes

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 slightly raised.

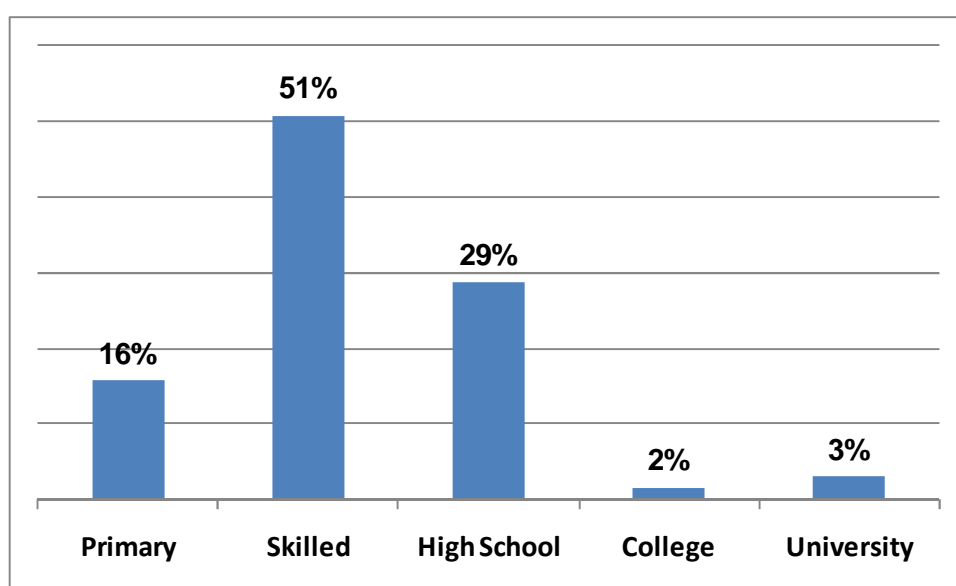


Chart 7: Clients according to their education

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.

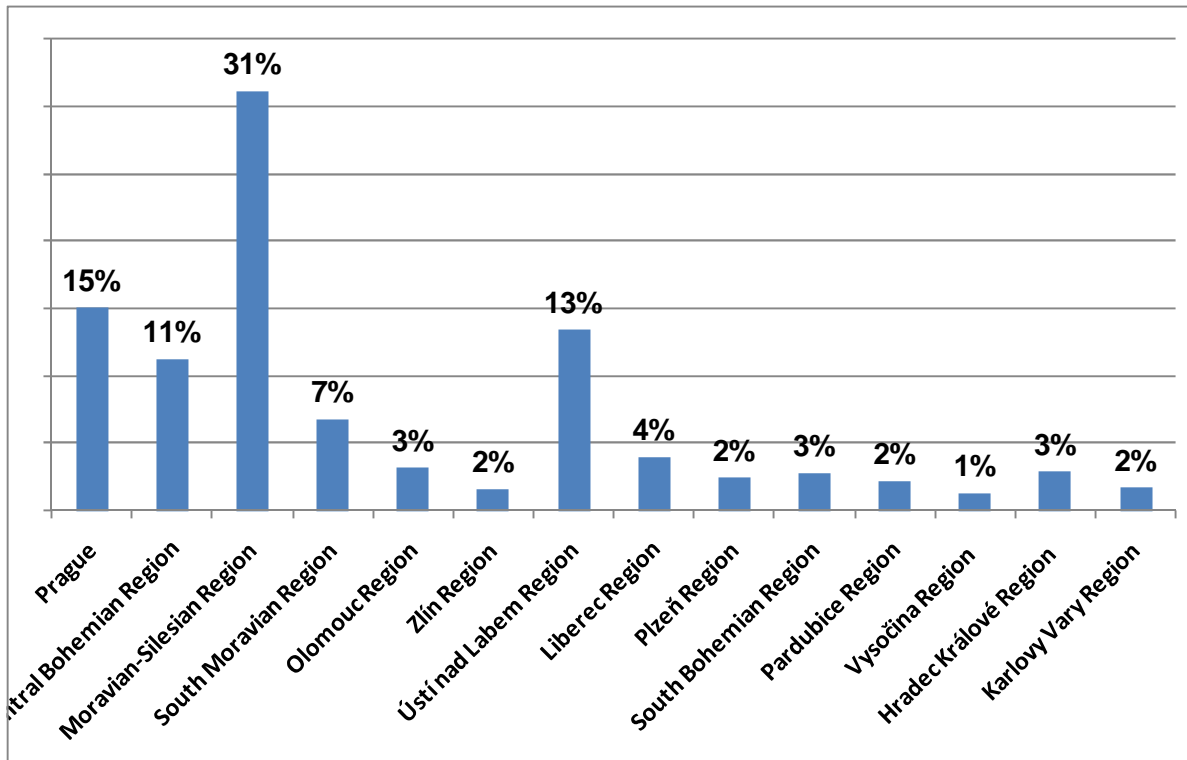


Chart 8: Division of clients according to regions

The chart makes it obvious that even though Poradna is intended for clients from the whole Czech Republic, clients from “Moravian-Silesian Region” prevail. The second and fourth largest group of clients comes from “Prague” and “Central Bohemian region” outside Prague. The third is the North Bohemian “Ústí nad Labem Region” - this is the reason for opening a new branch in 2010 right there. The clients with residence in other than Moravian and North Bohemian Region are mostly choosing the Prague branch by touch call button option (green line).

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 (younger) and daily life (others). In comparison to the year 2009 the significance of media (radio, TV, press) has fallen in contrast to banks mediated information about Poradna through client's communication with banks staff. Reasons are in focused investment in internet search websites propagation, better knowledge on Poradna in target group, fewer presence in commercial TV Nova in contrast to public TV, fewer presence in tabloids in contrast to serious newspapers. The data are given directly by clients' without any further verification.

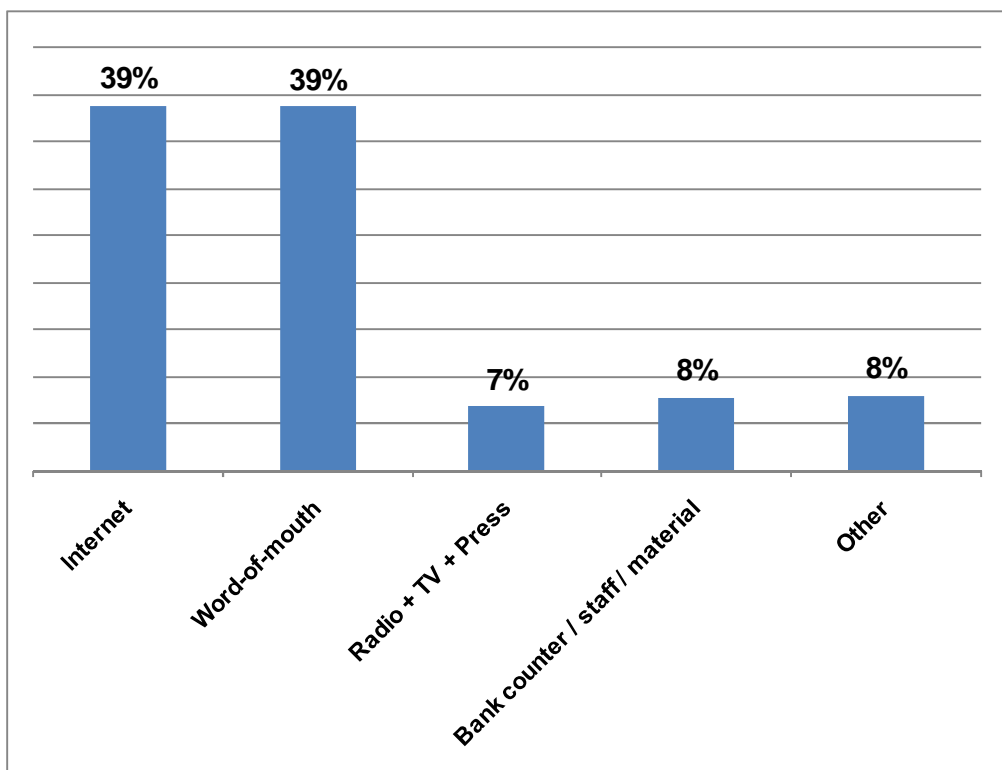


Chart 9: Sources of information about the Poradna

Grounds of the Client's Insolvency

The grounds of insolvency are varied, principally comprising Excessive liabilities (i.e. overestimation of strengths) – 44.2 %, further Loss of job, Permanent and Temporary decrease in income, Divorce – separation, Illness, Business debts. 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. The Excessive liabilities and Naivety is related to the poor financial education (low financial capability).

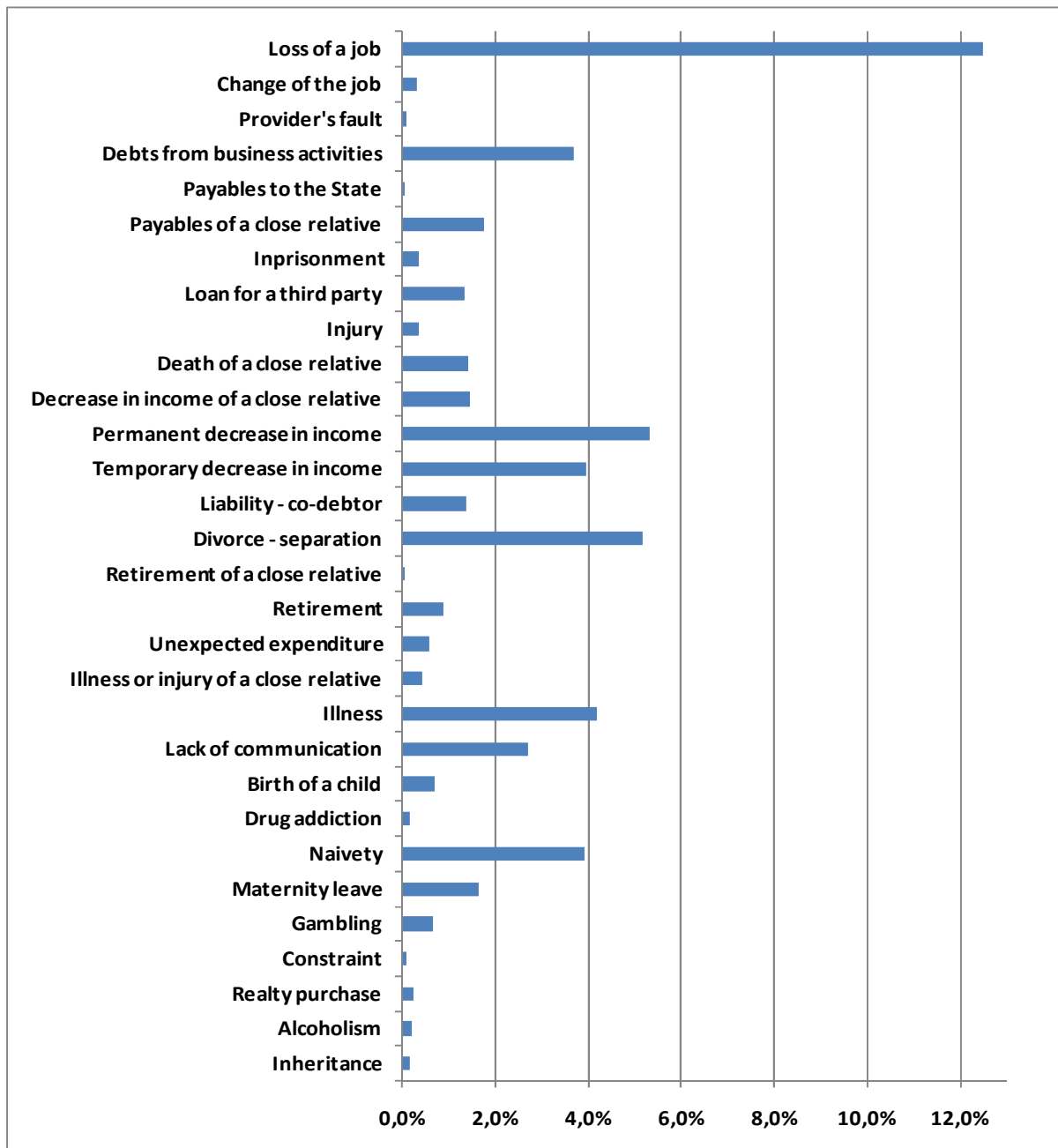


Chart 10: Grounds of the Client's Insolvency

Statistical Review

MONITORED PERIOD:	01/01/2010/-31/1/2010
	* * *
NUMBER OF CLIENTS:	10,939
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 OR LESS
CLIENT'S SOURCE OF INFORMATION:	INTERNET AND WORD-OF-MOUTH

2011 prospects

We continue to provide quality, independent, impartial and rapid debt counseling. To do this we need act according to our unique "Common Standards of Non-Profit Debt Counseling". We also want to maintain our pace of free processing of submissions for discharge of a bankrupt (personal bankruptcy) - last year we draw up every seventh debt relief proposal submitted to the courts in the Czech Republic. We also want to attract more public awareness, so that people need not to seek the assistance of lawyers and various for profit companies and businesspersons, if they need to consult their obligations or make a submission for discharge of a bankrupt (personal bankruptcy). We will also continue to push on media in criticism of the so-called "debt relief" offered by various companies to make profit on the proposals for changes of re-payment schedules, but which none of the creditors accept. We would like to make our work more closer to those bank employees who come into contact with clients and can sometimes draw attention to our existence.

Budget 2011

Expenses 2011 (CZK)		Incomes 2011 (CZK)	
Rent	1 400 000	Balance 2010	2 400 000
Training	110 000	Grant Erste 2010, part II	288 000
IT	440 000	Grant Erste 2011, part I	1 152 000
Advisory green line	310 000	Partners' donations	
Labor cost	7 140 000	ČS (Erste Group)	2 242 341
Meal tickets	130 000	KB (Société Group)	1 656 600
Employee benefits	90 000	ČSOB (KBC Group)	1 351 313
Marketing	200 000	RFB (RFB Group)	579 746
Repre+travelling	200 000	ČMSS (KBC Group)	500 000
Others	650 000	SSČS (Erste Group)	500 000
<i>Reserve 2011</i>	<i>500 000</i>	UCB (UniCredit Group)	500 000
	11 170 000		11 170 000
TOTAL EXPENSES		TOTAL RECEIPTS	

For illustration in EURO [exchange rate CZK / EURO 24 / 1]

Expenses 2011 (EURO)		Incomes 2011 (EURO)	
Rent	58 333	Balance 2010	100 000
Training	4 583	Grant Erste 2010, part II	12 000
IT	18 333	Grant Erste 2011, part I	48 000
Advisory green line	12 917	Partners' donations	
Labor cost	297 500	ČS (Erste Group)	93 431
Meal tickets	5 417	KB (Société Group)	69 025
Employee benefits	3 750	ČSOB (KBC Group)	56 305
Marketing	8 333	RFB (RFB Group)	24 156
Repre+travelling	8 333	ČMSS (KBC Group)	20 833
Others	27 083	SSČS (Erste Group)	20 833
<i>Reserve 2011</i>	<i>20 833</i>	UCB (UniCredit Group)	20 833
	465 417		465 417
TOTAL EXPENSES		TOTAL RECEIPTS	

Postscript

Poradna thanks to Partners for the donations provided in 2010.

In Prague on 23 MARCH 2011

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)

E-MAIL: PORADNA@FINANCNITISEN.CZ

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