

FOR IMMEDIATE RELEASE
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TDX GROUP LAUNCHES NEW BUSINESS TO TRANSFORM SPANISH DEBT MARKET

TDX Group, the debt management solutions provider, has launched a business to provide services to Spain and Portugal. By incorporating the existing credit risk consultancy business of Madrid based Indigo Value Analysis [“Indigo”]; the new company is well positioned to grow in a rapidly developing market.

Leveraging TDX Group’s experience in the UK debt market, the business will assist Spanish banks and consumer finance companies in maximising their returns from delinquent portfolios, at a time when levels of personal debt are rapidly increasing.

Analysis by TDX Group and Indigo indicates that the Spanish retail banking sector is experiencing many of the challenges faced by its UK counterpart in recent years; years of lending growth of over 20%, and the indebtedness associated with that, have led to a doubling of Spain’s personal debt-income ratio of individuals in the last decade - now well over 100%.

Current market conditions, including stagnating house prices, higher interest rates and inflation are further complicating matters. Spanish banking institutions and consumer finance providers are experiencing higher bad debt levels, which rose by 35% in 2007. Analysis indicates that total arrears resulting from all types of consumer lending will grow to 20 billion euros by 2010.

In order to react effectively to the changing landscape, TDX Group believes that Spanish creditors should look to their arrears management strategies as an opportunity to compensate for slowing growth by extracting additional value from their portfolios.

In the UK, TDX Group has worked with a number of major clients to drive significant improvement in arrears management and returns from semi and non-performing assets including HSBC, Halifax-Bank of Scotland, Alliance & Leicester and Eon. The Spanish business will provide a similar range of analytics-based solutions to financial institutions and utilities including:

- Advisory services – working with creditors to define and drive programmes of joint investment and improvement in credit risk management
- Asset valuation and sales – maximising returns for sold debt through a full end-to-end solution from sale strategy to execution and resale services
- Recoveries management – achieving a 15-20% like-for-like improvement in portfolio performance for creditors by placing and managing debt through a network of leading collection agencies

Mark Onyett Chief Executive of TDX Group said: "This move marks the next step in TDX Group's rapid evolution from a start-up four years ago to a well-established business with a blue chip client base and ambitious plans for international growth. As well as Spain, we are also attracted to the Latin American market, where Indigo already has a foothold."

Onyett added, "With Spanish banks facing the prospect of rising delinquencies and losses, we believe there is a tremendous opportunity to revolutionise the Spanish debt industry. Spain today closely resembles the UK retail banking sector four years ago when the challenging loss environment was just emerging. We expect conditions in Spain to follow a similar trajectory as they did in the UK over the last 4 years. Given this backdrop, Spanish banks have a strong opportunity to learn from the UK experience and adopt a best practice approach. We strongly believe that the 'one-size-fits-all' approach is no longer appropriate, and creditors will need to move to a segmentation driven strategy, where consumers' personal circumstances can be taken into account."

Luis Montero, Chairman, Indigo, added: "Indigo has already developed strong relationships with many of Spain's leading banks and consumer finance organisations, many of whom are under no illusion about the need to implement a more focused and strategic approach to dealing with non-performing portfolios. TDX Group's approach has created tremendous value for UK creditors and we feel that by combining Indigo's strength in credit risk, we can rapidly begin helping Spanish creditors to adopt a broader and more sophisticated approach to deal with the worsening debt climate." Prior to founding Indigo, Luis was a director and leader in McKinsey & Company's Iberian Peninsula Financial Institutions Practice. He will serve as managing director of TDX Group in Spain.

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About TDX Group

TDX Group is a leading provider of credit risk management solutions, whose information-based approach is revolutionising the industry.

In the UK, TDX Group sells over 40% of all debt; manages debt portfolios for leading financial services companies, utility providers and debt portfolio owners; and runs The Insolvency Exchange, an IVA hub for creditors and IPs.

Through its combined UK and Spanish offices, TDX Group offers services across Europe and North & South America.

Its unique intermediary position provides TDX Group with access to unrivalled information on debt sale, debt purchase, IVAs and recoveries strategy and performance. Through sophisticated analysis of this information TDX Group is enabling creditors and debt portfolio owners to improve returns on their semi and non-performing assets.

TDX Group clients include Halifax-Bank of Scotland, HSBC, Alliance & Leicester and Eon.