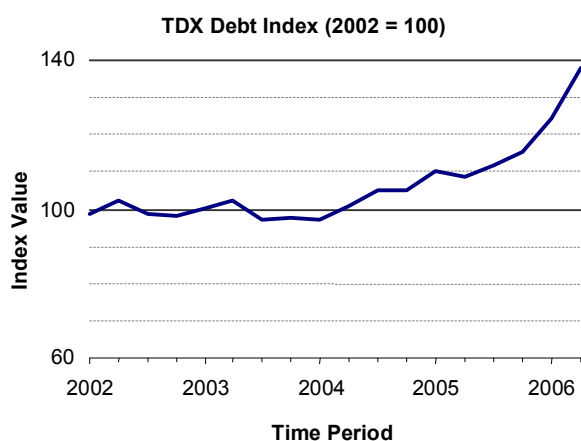
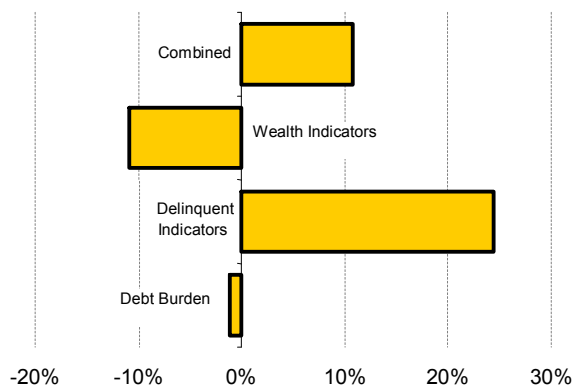


TDX Debt Index

The Debt Index: 2006 Q2



Changes in the Index Since Last Quarter



Latest Trend

Whilst a rise in house prices and a general reduction in consumer debt levels are having a positive effect on the index, a continued increase in insolvency cases and a massive increase in write-offs more than offsets the good news to push the debt index to another all-time high this quarter. The slow-down in lending growth has also continued.

With many banks expected to release half-year results in August and write-off and insolvency trends on the rise, we generally expect credit loss increases across the board. If these trends continue into the second half of the year, more creditors will be looking for ways to deliver incremental revenue toward the end of the financial year. Debt sale will be the tool most used and 2006 is shaping up to be a record year for debt sale in the UK with nearly £6bn of debt likely to be sold.

The Bank of England could yet make things worse for creditors in the second half of the year with an increase in interest rates. They have, however, highlighted UK household debt levels as one of the risks in the economy

About The Debt Index









The Debt Index has been developed by TDX Group to represent the impact of current macroeconomic factors on creditors' efforts to collect on their outstanding balances. The index is based on 2002 = 100 and has been calibrated such that a rise in the index value represents worsening conditions from a creditor's perspective. The index comprises of a number of macroeconomic variables which are weighted based on their predicted impact. Each variable is assigned to one of three categories, with each category representing an underlying cause for a worsening debt market:

Debt Burden Indicators: This category contains factors that indicate the overall levels of personal debt and the difficulty that a typical household will be experiencing meeting those debt commitments.

Delinquent Indicators: This category contains factors that indicate levels of adverse behaviour within the debtor population and the population as a whole, such as insolvencies and unemployment.

Wealth Indicators: This category contains factors that indicate the overall wealth level of the UK population and due to the nature of the index, an increase in relative wealth causes a decrease in this category's contribution to the index.

Key Indicators: 2006 Q1 (2005 Q4)

 Write-off Rate 1.15% (0.77%)	 Individual Insolvencies 23,350 (20,461)
 Bank of England Base Rate 4.50% (4.50%)	 Unemployment 5.1% (5.0%)
Legend:  Trend  Negative impact  Positive impact  Mixed impact	