

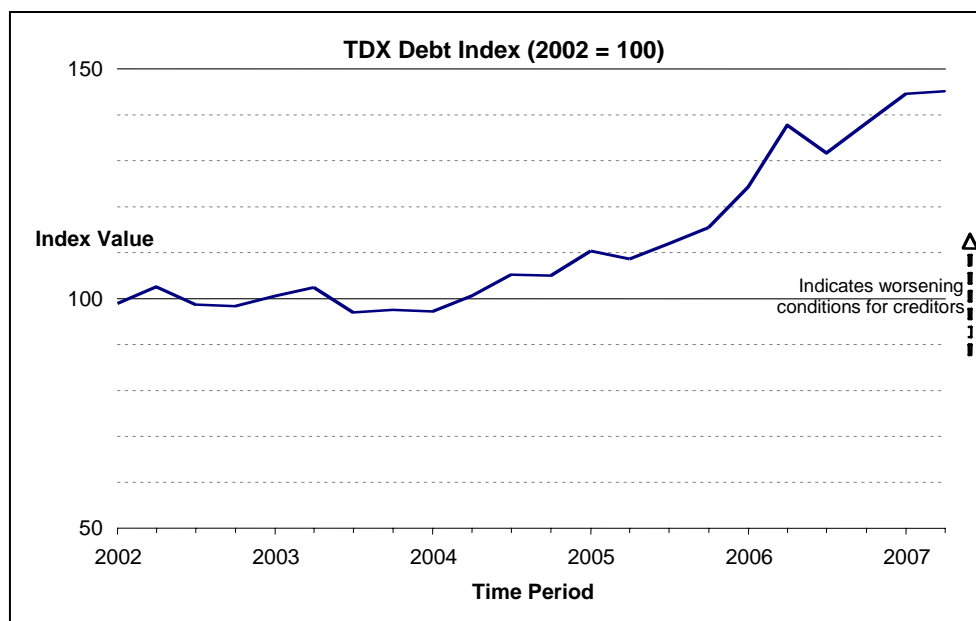
TDX Debt Index increase reveals that banks may not have seen the worst yet

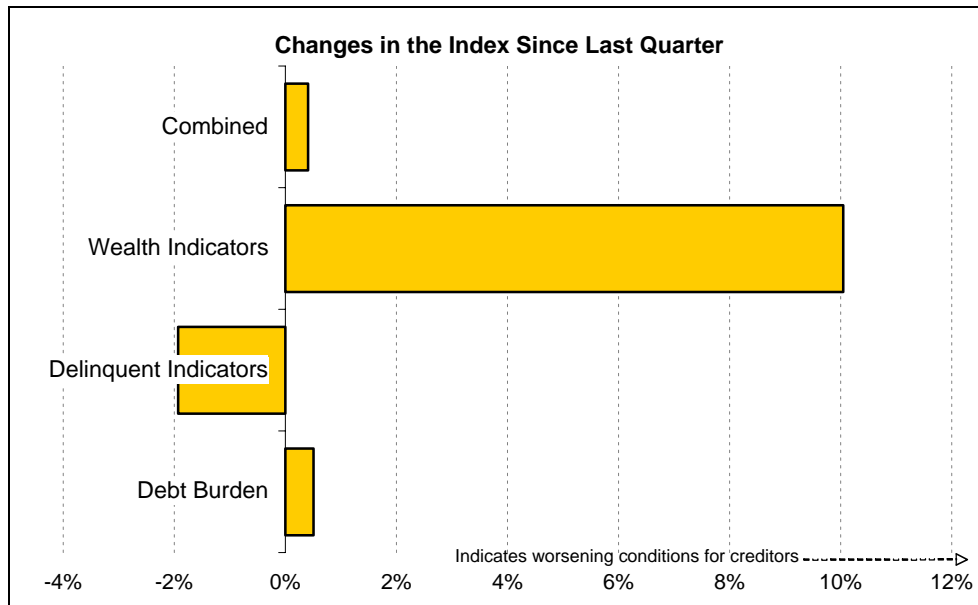
Household debts increase as interest rates and house prices continue to rise

6 August 2007 – TDX Group today released the TDX Debt Index for Q2 2007. While the index remained largely flat, showing a 0.4% quarter-over-quarter increase (compared to 4.7% growth last quarter), it is up 5.38% year-over-year. The change is driven primarily by deterioration in the Wealth Indicators component. The Debt Burden component remains broadly neutral and the Delinquency Indicators component has shown improvement.

Creditors increased focus on debt management and tighter credit control is starting to yield results seen through flattening write-off rates and decreases in personal insolvencies. However, high house prices and increasing interest rates are combining to increase living costs and the burden of debt. As these costs increased, there was a sharp fall in the Household Savings Ratio as consumers were able to save less. These trends will result in continued pressure on consumers trying to manage their debts and this fact is supported by recent numbers including those from the Council of Mortgage Lenders showing that repossessions grew 18% in the first half of 2007.

“The credit environment continues to change as creditors and consumers alike adapt to higher average levels of borrowing and creditors should be cautious about thinking the worst is behind them,” said Mark Onyett, CEO at TDX Group. “We expect to see volatility around losses for the next couple of years while creditors continue to reconfigure their businesses to operate with higher loss levels.”





* Based on data trends through the end of Q1 2007

About The Debt Index

The Debt Index has been developed by TDX Group to represent the impact of current macroeconomic and credit sector 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 and industry performance measures 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.