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Market conditions for debt collection dramatically worsen as delinquency rates climb

Market data produced by TDX Group, the leading provider of debt management services to creditors, shows the biggest ever deterioration in the macro conditions affecting the ability of creditors to collect outstanding balances and also the worst position for creditors since the TDX Group Debt Index was collated in 2002.

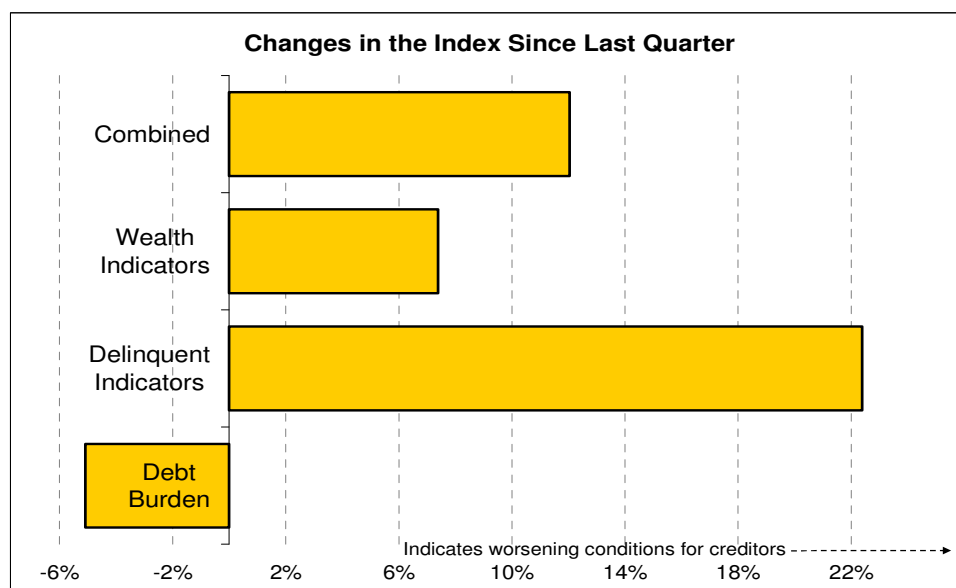
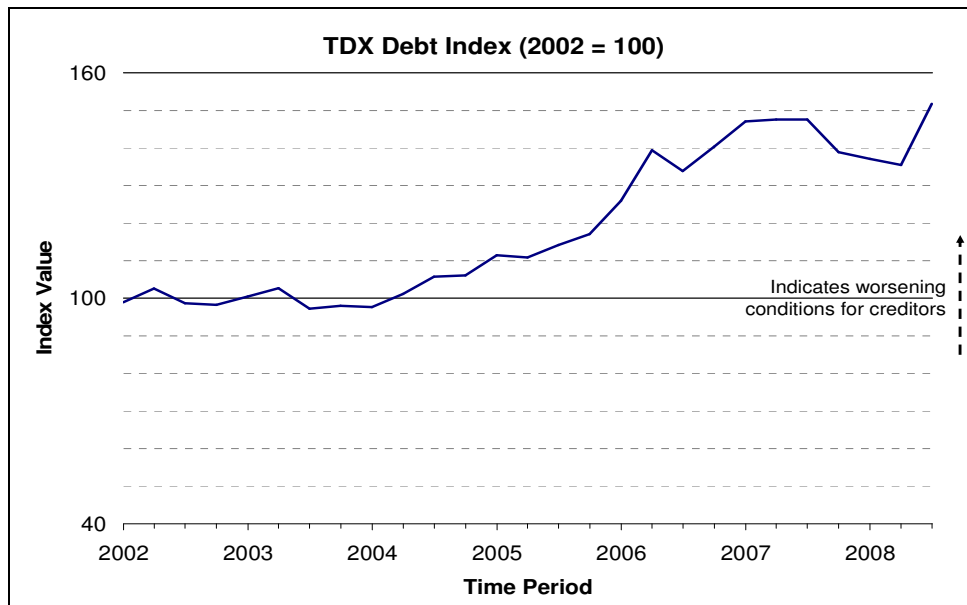
The index, which tracks the macro conditions on a quarterly basis, has increased by 12% between Q2 and Q3 2008, as consumers struggle to repay their debts. A rise in the index reveals that the environment for creditors to collect their debt has worsened, whereas a fall means it should be easier for them to do this. Since 2002, the Debt Index has risen by 48% and is 30% higher than the same period in 2005.

In Q3 2008, the biggest factor accounting for the rise in the index comes from the delinquency indicators, which underline the increasing difficulty experienced by consumers in repaying their debts. Over the past quarter, there has also been a massive 41% increase in the mortgage repossession rate, highlighting that pressure on indebted consumers has reached unprecedented levels. Total individual insolvencies have increased by 8% and Individual Voluntary Arrangements (IVAs) have grown by 7%, reversing a decline in IVA numbers that started in 2007.

As well as delinquency rates, the TDX Group Debt Index shows a 7% worsening in the wealth and cost of living indicators, contributing to the declining conditions for creditors. The rising cost of living is seen through a continued fall in the household savings ratio to only 0.4% of household income, whilst the value of secured properties has also dropped by 4% in the last quarter to their lowest level since the start of 2007. The only positive news from this quarter is that both secured and unsecured debt levels have marginally reduced by just over 1%, as creditors tighten their lending criteria.

Mark Onyett, Chief Executive of TDX Group said, "The deepening economic crisis will mean that conditions are likely to worsen as beleaguered creditors will find it even harder to recover debts from hard-pressed consumers. Although our index had suggested that conditions for creditors had improved slightly over the past two quarters, with this latest update we see that the environment has become increasingly hostile. Given the precarious state of the economy, there is huge pressure on creditors to manage the risk of a significant increase in default levels. A first step is to review their debt recovery processes to ensure they are making use of the latest solutions and maximising returns. We have helped many creditors in this area and typically have increased their liquidation rates by an average of 20%."





* Based on data trends through the end of Q2 2008

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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.

For further information:

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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 and manages debt portfolios for leading financial services companies, utility providers and debt portfolio owners. Additionally, it runs IVA and Debt Management Plan (DMP) hubs for creditors and IPs: The Insolvency Exchange (TIX) and The Debt Management Exchange (DMX). Through its combined UK and Spanish offices, TDX Group offers services across Europe, North and South America and Asia.

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 has worked on behalf of all of the major banks in the UK, several major utility companies and a number of other financial services companies.

