METHODOLOGY DOCUMENT

Home Loan Star Ratings & Awards

March 2026

What are the Canstar Home Loan Star Ratings?

Canstar's Home Loan Star Ratings use a sophisticated and unique ratings methodology that compares both Price and Features across home loan products. Canstar Star Ratings represent a shortlist of financial products, enabling consumers to narrow their search to products that have been reviewed, assessed and ranked. Canstar Home Loan Star Ratings are a transparent analysis comparing all types of home loan products.

Ratings range from five to one-star. Five-Star rated products have been assessed as being in approximately the top 10% of products considered within the group of products being assessed.

What types of Home Loans are evaluated?

Eligibility for Canstar's Home Loan Star Ratings is overseen by the Research Committee. The following criteria are used to determine an institution's eligibility:

- Available for 80% LVR or greater for residential loans
- Available for 60% LVR or greater for investment loans
- Floating and fixed rate options have to be available to new customers for the respective profiles

To be eligible for a Star Rating, Price and Feature information required to complete the review must be made available to Canstar. In the event the required information is not available to Canstar to complete its review, the product will be noted as 'Not Rated'.

The Research Committee can exercise its discretion to determine whether an institution is eligible for review.

Profiles

There are 5 consumer profiles in the Canstar Home Loan Star Ratings, which are listed in the table below:

Profile
Residential Floating
Residential Fixed
Investment Floating
Investment Fixed
Line of Credit

Each of the above profiles is segmented on www.canstar.co.nz with the Star Rating received being applied to each relevant product displayed on the Canstar website.

For fixed rate profiles (residential fixed and investment fixed), the fixed terms are grouped into short, medium and long term groups. A provider's best performing term in each group is used and a weighted average performance of the short, medium and long term groups is taken by assigning weightings to each group. Weightings are allocated as follows:

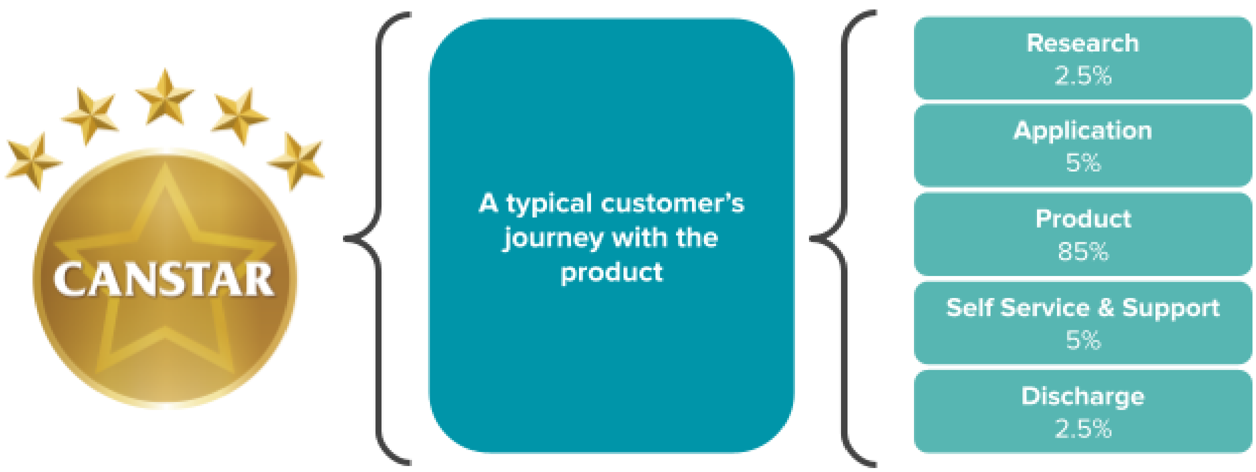
Fixed Loan Term Groups	Weight
Short Term (Best of 1 year, 18 months or 2 years)	80%
Medium Term (3 Year Fixed)	15%
Long Term (Best of 4 or 5 Year Fixed)	5%

Products specific to certain groups or with restrictions on eligibility are not included in the Star Ratings. Where an institution offers a special home loan rate with the criteria of 20% equity, salary credit into a transactional account and one other product, these home loans may be included in the Star Ratings. Home loans that do not conform to the pricing scenario are also not included so as to ensure like-for-like comparison.

How is the Total Score of each product calculated?

Each product considered in the awards have been assessed using a value-based methodology where both Price and Features are considered.

To arrive at the Total Score, Canstar applies a weight against each component of a customer's journey with the product ranging from research to discharge. This method can be summarised as:



Customer Journey

The customer journey method considers more than 120 provider and product features, and comprises 5 categories which follow a customer's journey through the life of the loan. The first stage of the journey is research, followed by application. Products are then assessed on their price (net cost) and day-to-day management with consideration to extra repayments, any offset/redraw facilities and any variations that may be required. The remaining stages consider the breadth and depth of support offered to a customer and the ease of discharging the loan. Scores are then indexed against their peers and weighted according to the following table:

Category/Subcategory	**Fixed** Owner Occupier / Investor	**Floating** Owner Occupier / Investor	**Line of Credit**
Research	2.5%		
Application	5%		
Application Process	40%		
Guarantee and Deposit Requirements	30%		
Security Options	30%		
Product	85%		
Price (Net Cost)	90%		80%
Product Features	10%		20%
Offset Account Facilities	-	30%	-
Extra Repayments	50%	30%	-
Redraw/Transactional Capabilities	30%	20%	50%
Line of Credit	-		35%
Variations	20%		15%
Self Service & Support	5%		
Discharge	2.5%		

Price (Net Cost)

Total Cost

Canstar accounts for both current and historical interest rates in the calculation of the pricing component of each product's overall score.

Total cost is determined by the loan amount over 30 years and interest rate at the loan to value ratio (LVR) of 80% for owner occupiers and 60% for investors.

	Median House Price	LVR	Loan Amount
Residential	$800,000	80%	$640,000
Investment		60%	$480,000

Scenarios

The cost of each home loan is calculated based on a scenario which captures the amount paid by consumers over a specified borrowing period.

Loan Type	Rollovers	Borrowing Period	Loan Term
Floating	N/A	10 years	30 Years
1 Year Fixed	2	3 years	
18 Month Fixed	1	3 years	
2 Year Fixed	1	4 years	
3 Year Fixed	1	6 years	
4 Year Fixed	1	8 years	
5 Year Fixed	1	10 years	

The above scenarios are applied to each of the loan amounts assessed to ensure that the relative impact of fees and interest is accounted for in each of the consumer profiles.

These scenarios consider:

- Interest charges based on the advertised interest rate (including discounts where applicable)
- Upfront, ongoing and discharge fees (not capitalised into borrowing amount)
- Introductory interest rates for any applicable introductory period
- At least one rollover of the fixed rate for fixed rate loans
- Repayments made based on monthly repayments for a home loan with a 30-year loan term

Calculation of Loan Cost

To calculate the cost of a home loan to the consumer, Canstar measures the loan repayments made throughout the borrowing period plus upfront, ongoing and discharge fees.

To account for the direct impact that the interest rate has on the amount of principal paid down during the borrowing period, the principal repaid over the borrowing period is deducted from the repayments made when calculating the cost of the loan to the consumer.

Observations

Canstar calculates the total cost of the loan using six months of historical information for each home loan product, taking 12 independent observations of the rates and fees applicable to all products eligible for each consumer profile. Where a product has more than one eligible interest rate advertised at a point in time (e.g. during a period where a promotional interest rate is on offer), then the pricing that is most favourable to the consumer will be taken for each observation where the pricing is available.

Average Total Cost and Price Score

The average total cost of each home loan is calculated by averaging the cost of the loan for each of the 12 observations calculated for each home loan.
The Price Score is then calculated by indexing and weighting each home loan considered in each consumer profile along a normal distribution.

What are the Canstar Outstanding Value Home Loans awards?

Canstar's Outstanding Value - Home Loans Awards recognise the lenders that provide outstanding value to borrowers through their suite of home loan products available to New Zealand consumers.

These awards leverage a sophisticated Home Loans Star Ratings methodology, unique to Canstar, to identify the lenders who have best served a range of home loan customers over the preceding 6-month observation period.

There are 7 individual awards that make up the Outstanding Value - Home Loans awards:

- **Home Lender:** awarded to Outstanding Value lenders across all residential profiles
- **Floating Home Lender:** awarded to Outstanding Value lenders within the residential floating profile
- **Fixed Home Lender:** awarded to Outstanding Value lenders within the residential fixed rate profile
- **Investment Home Lender:** awarded to Outstanding Value lenders across all investment profiles
- **Investment Floating Home Lender:** awarded to Outstanding Value lenders within the investment floating profile
- **Investment Fixed Home Lender:** awarded to Outstanding Value lenders within the investment fixed rate profile
- **Line of Credit:** awarded to Outstanding Value lenders within the line of credit profile

Eligibility requirements:

Eligibility for Canstar's Outstanding Value Home Loans Awards is overseen by the Research Committee. To be eligible for the Outstanding Value - Home Loans awards, lenders must have had home loan products available for six months and information required to complete the review made available to Canstar. The Research Committee can exercise its discretion to determine whether a product or insurer is eligible for review.

Which products are used in this calculating the awards:

All Star Rating eligible home loan products that have been in the market for a period of six months are eligible for consideration in the Outstanding Value - Home Loans awards. Each lender will be represented by the product that has been the best performing against its peers for each profile that forms part of the award assessment.

What profiles are considered in the Outstanding Value awards and how are they weighted?

The following weights are applied to the scores achieved by eligible products in determining the respective awards:

	Floating Home Lender	Investment Floating Home Lender	Fixed Home Lender	Investment Fixed Home Lender
Fixed Loan Term Weights				
Short Term (Best of 12-18 months or 2 year Fixed)			80%	80%
Medium Term (3 Year Fixed)			15%	15%
Long Term (Best of 4 or 5 Year Fixed)			5%	5%
Floating	100%	100%		

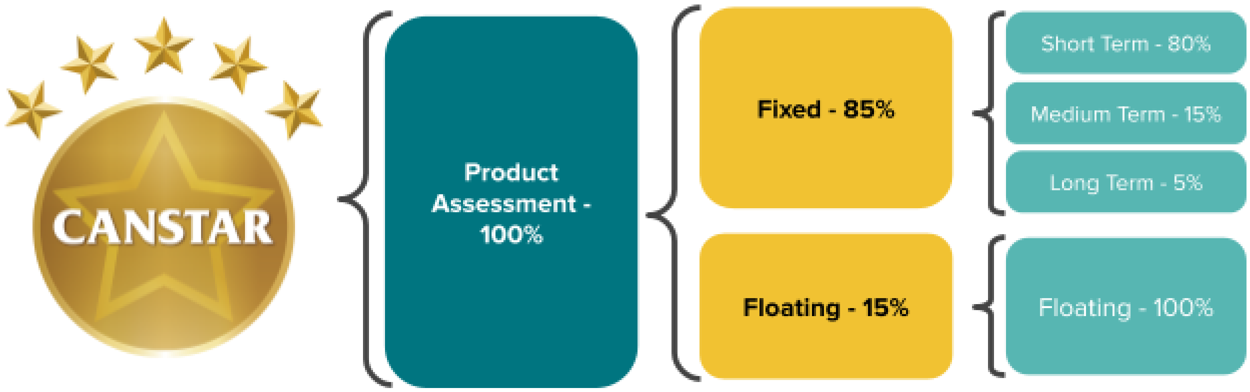
The following weights outline the composition of the Investment Home Lender and Home Lender Outstanding Value Awards:

	Investment Home Lender	Home Lender
Floating Home Lender		15%
Investment Floating Home Lender	15%	
Fixed Home Lender		85%
Investment Fixed Home Lender	85%	

How are the Outstanding Value Home Lender and Investment Home Lender Awards calculated?

Each institution reviewed for Canstar's Outstanding Value - *Home Lender* and *Outstanding Value - Investment Home Lender Awards* is awarded points for its best performing product in the underlying star rating profiles which accounts for both the price and features of these individual products.

To arrive at the Total Score, Canstar applies a weight against the components considered within Product Assessment. This weight will reflect the relative significance of available loans across both fixed rate and floating rate loans available for the respective segments (Residential or Investment) in determining the lenders providing Outstanding Value to consumers through their suite of available home loans. This method can be summarised as:



How is the Bank of the Year Award calculated?

Each institution reviewed for the Canstar *Bank of the Year - Home Loans Award* is awarded points for its best performing product in the underlying star rating profiles which account for both the price and features of these individual products.

To arrive at the Total Score, Canstar applies a weight against the components considered within Product Assessment. This weight will reflect the relative significance of products considered within the assessment across both residential and investment loans in determining a home loan provider of the year. This method can be summarised as:

The table below outlines the weights assigned to each subcategory that contribute to the Customer Satisfaction score, with scores calculated as the average of all responses within a subcategory:

Customer Satisfaction subcategory	Weight
Customer Service	25%
Application and Settlement	20%
Value for Money	20%
Communication	10%
Interest Rates	15%
Loan Flexibility	10%

Appendix - List of providers considered in the award

- AIA New Zealand Limited
- ANZ Bank New Zealand Limited
- ASB Bank Limited

- Bank of New Zealand
- Kiwibank Limited
- Southland Building Society
- The Co-operative Bank Limited
- TSB Bank Limited
- Westpac New Zealand Limited

How often are products reviewed for Star Ratings & Awards purposes?

Home Loan Star Ratings & Awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These Star Ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the Star Ratings as a guide to product excellence. The use of similar Star Ratings logos also builds consumer recognition of quality products across all categories.

Please access the Canstar website at www.canstar.co.nz if you would like to view the latest Star Ratings reports of interest.

- Agribusiness
- Business banking
- Credit cards
- KiwiSaver
- Deposit accounts
- First home buyer
- Home loans
- Online banking
- Personal loans
- Home Insurance
- Term deposits
- Car Insurance