



October Credit Indicator

CENTRIX

Encouraging signs of returning confidence as consumer arrears continue to improve

The most up-to-date credit insights available in New Zealand

Despite the challenging economic environment persisting, credit trends shows some hopeful signs of recovery emerging.

The continued decline in the Official Cash Rate (OCR) is beginning to reshape New Zealand's credit landscape, providing a much-needed boost to both households and businesses.

This monetary easing is reflected in a notable lift in household lending, with new residential mortgage lending up 21.1% year-on-year. Borrowers are increasingly refinancing to secure lower rates, and overall new household lending has increased 20.2% compared to last year.

Consumer credit demand has also risen 5.4% year-on-year, led by strong growth in personal loan and Buy Now Pay Later applications.

The proportion of consumers behind on payments dropped to 11.99%, continuing an overall year-on-year improvement. The number of people in arrears has improved to 465,000, down from 468,000 in August. However, late-stage arrears (90+ days past due) have edged up slightly, reminding us that some households remain under pressure despite the easing environment.

Business credit demand is up 3.5% year-on-year, with the hospitality sector leading growth (+31%). Encouragingly, business credit defaults are down 13% compared to last year.

There are also signs of liquidation rates improving across seven of the 19 industry sectors, but construction remains the leading industry for liquidations.

Across the nation there is a clear North and South Island divide. The South Island shows strong credit improvement, driven by lower arrears and renewed lending growth thanks to high confidence in dairy farming and an improving construction and hospitality outlook. Whereas a significant portion of the North Island continues to lag.

As we see out the final quarter of 2025, the indicator points to some cautiously optimistic signs. It will also be interesting to see what impact changes to the Credit Contracts and Consumer Finance Act (CCCFA) legislation may have in the coming months.

While some sectors and regions continue to face challenges, the overall improvement in credit demand, arrears, and business defaults is a good step towards confidence gradually returning to New Zealand's households and businesses.

Keith McLaughlin
Manging Director

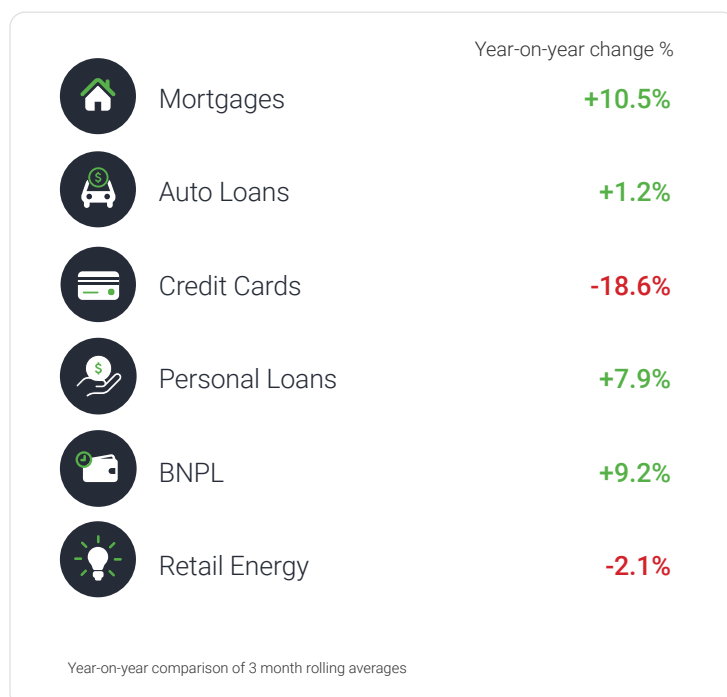
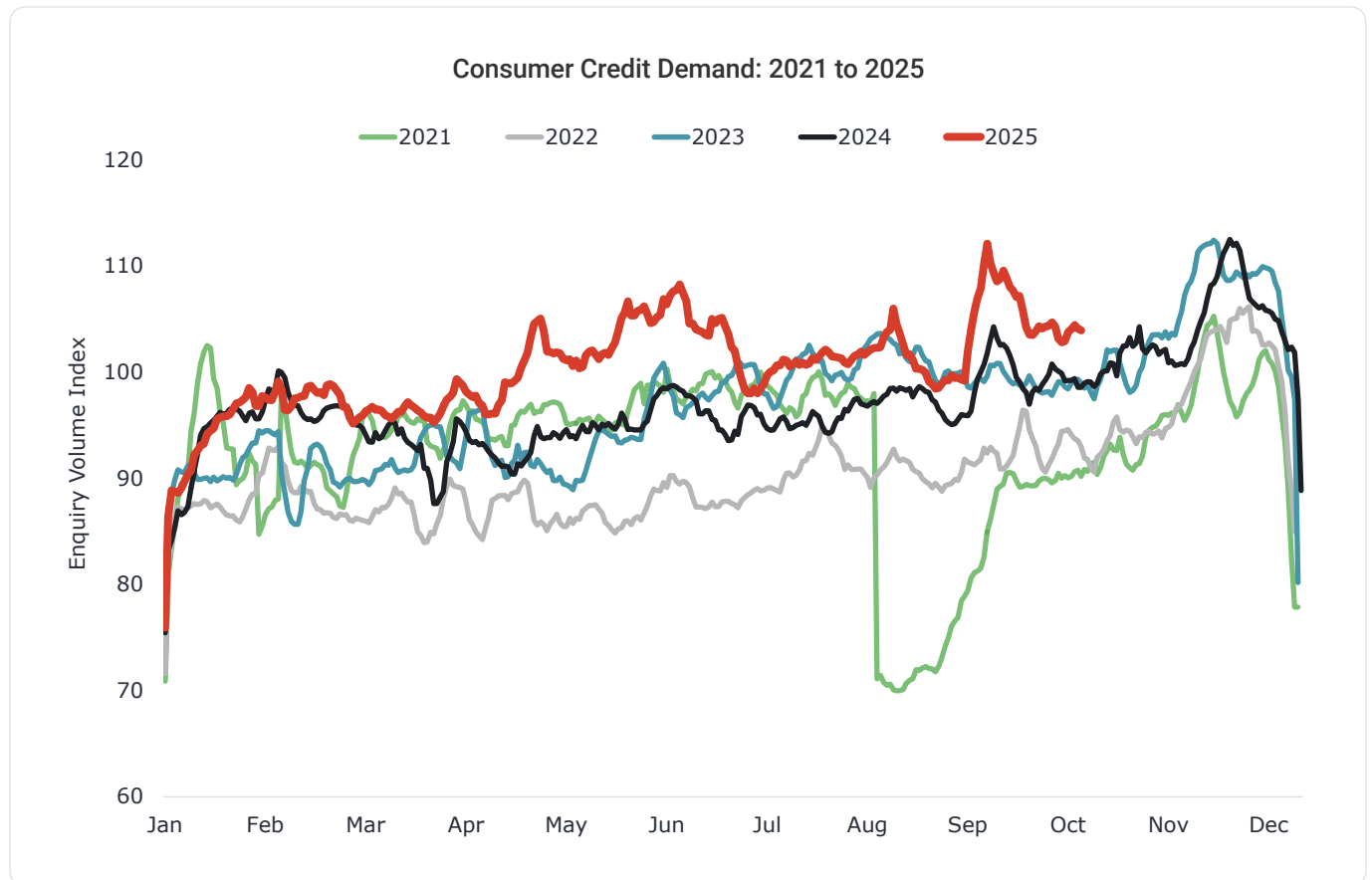


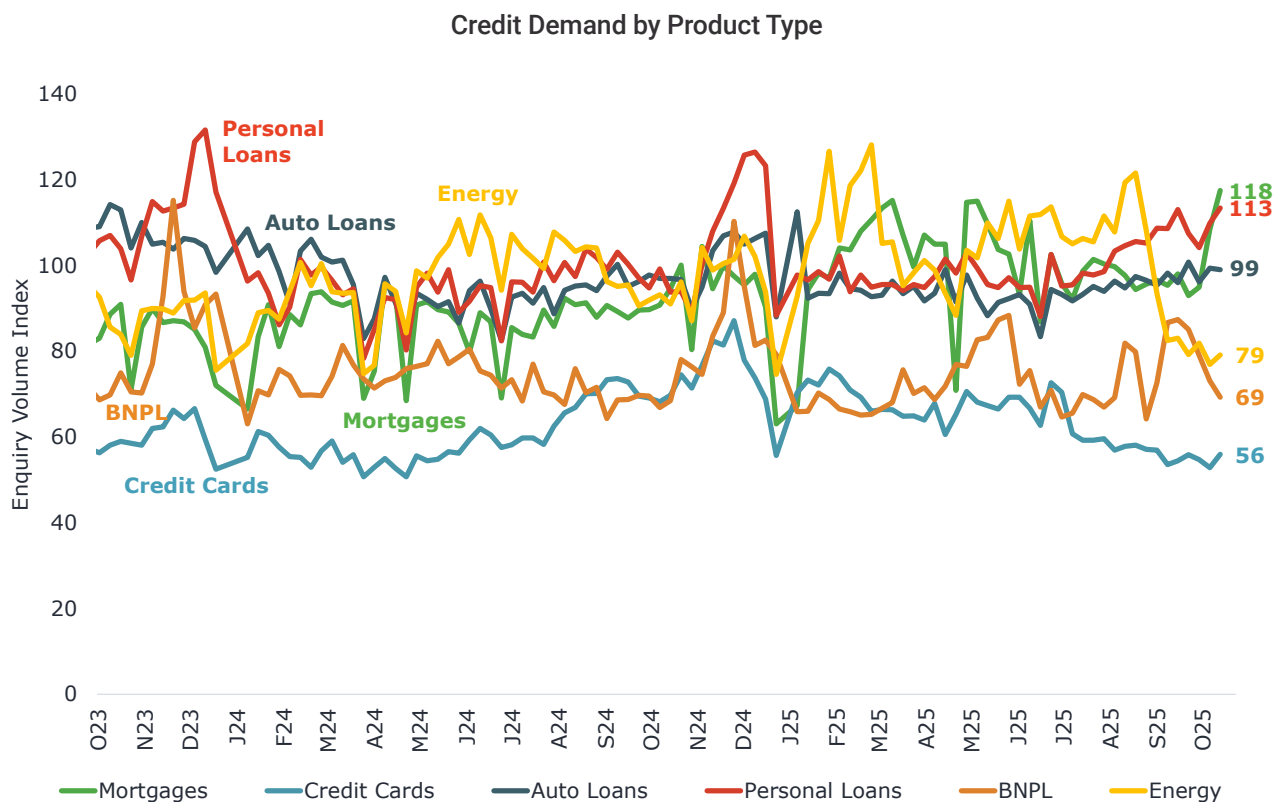
Consumer credit demand increases

Consumer credit demand rose 5.4% year-on-year, driven by strong growth in personal loan and BNPL applications, at 7.9% and 9.2% year-on-year increases respectively, suggesting that buyer confidence is rising.

Mortgage demand recorded the highest year-on-year increase at 10.5%, as borrowers seek better rates following the recent OCR cut.

Credit cards and retail energy credit both recorded year-on-year declines at -18.6% and -2.1%.





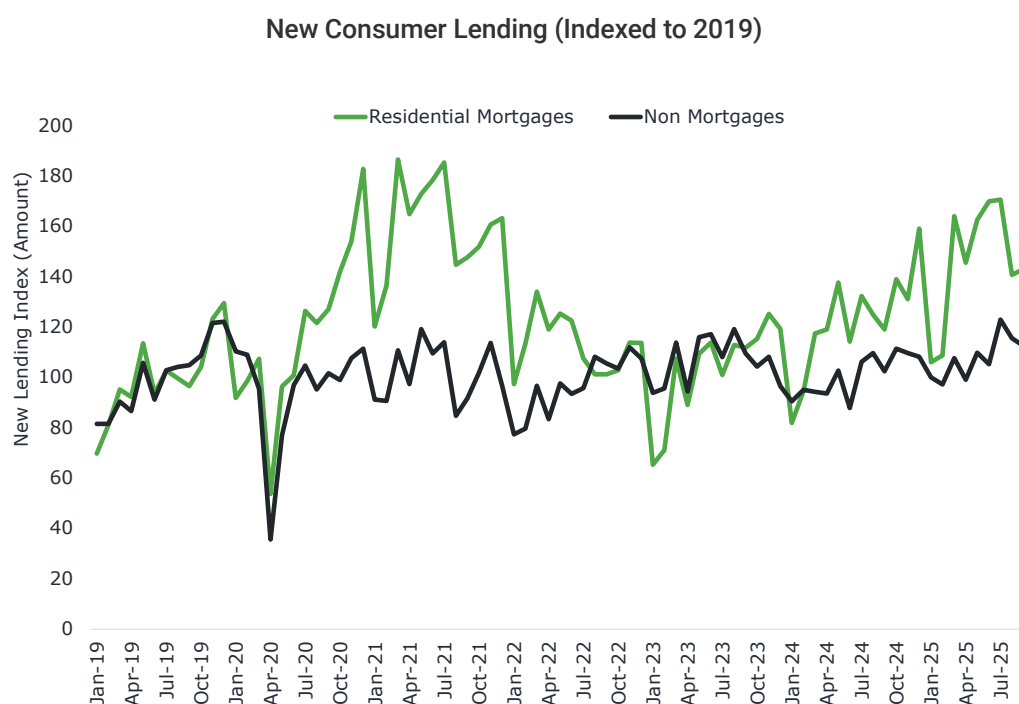
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New household lending rose significantly year-on-year

Overall, new household lending increased by 20.2% year-on-year.

New residential mortgage lending is up 21.1% year-on-year, but remains 5% below the same period in 2021 during the property market boom. This reflects increased market activity and a growing number of borrowers refinancing for lower rates following the recent OCR cuts.

New non-mortgage lending - including credit cards, vehicle and personal loans, Buy Now Pay Later, and overdrafts - rose 10.3% year-on-year, driven largely by stronger growth in unsecured personal loans and BNPL in recent months.



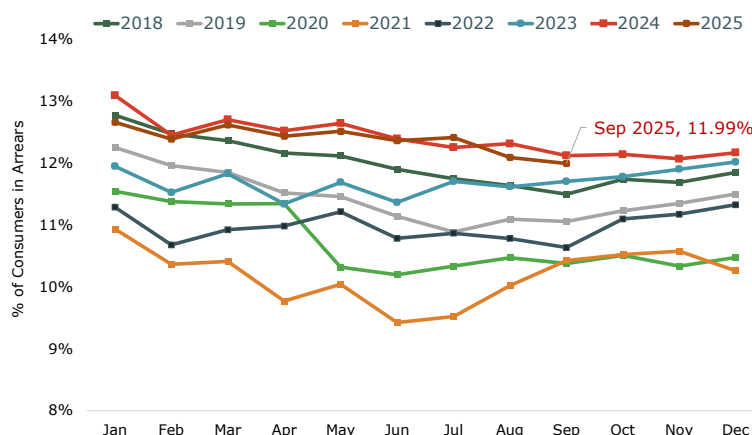
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Arrears improvement continues

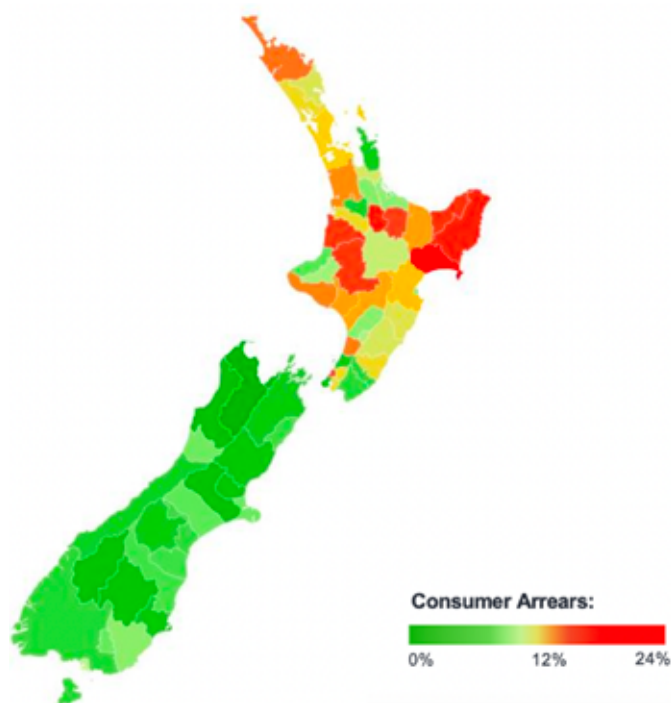
Consumers reported in arrears fell to 11.99% of the credit active population in September, an improvement from 12.09% in the prior month and taking the arrears rate to 1.0% lower than a year ago.

The number of people behind on payments improved to 465,000, down from 468,000 in August. Those 90+ days past due increased slightly to 80,000, from 77,000 in August.

Consumer Arrears Trends



Consumer Arrears by Region



Lowest Arrears Areas		
	District	Arrears %
1	Tasman District	7.90%
2	Nelson City	8.53%
3	Buller District	9.03%
4	Wellington City	9.03%
5	Selwyn District	9.24%
6	Queenstown-Lakes District	9.33%
7	Central Otago District	9.42%
8	Waimakariri District	9.73%
9	Hurunui District	9.78%
10	Dunedin City	9.90%

Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	18.35%
2	Kawerau District	17.02%
3	South Waikato District	16.41%
4	Gisborne District	16.39%
5	Opotiki District	16.04%
6	Waitomo District	15.81%
7	Ruapehu District	15.75%
8	Porirua City	15.59%
9	Rotorua District	15.51%
10	Far North District	14.62%

Personal loan hardships up 46% year-on-year

While financial hardship cases remain largely unchanged from last month, personal loan hardships are up 46% year-on-year.

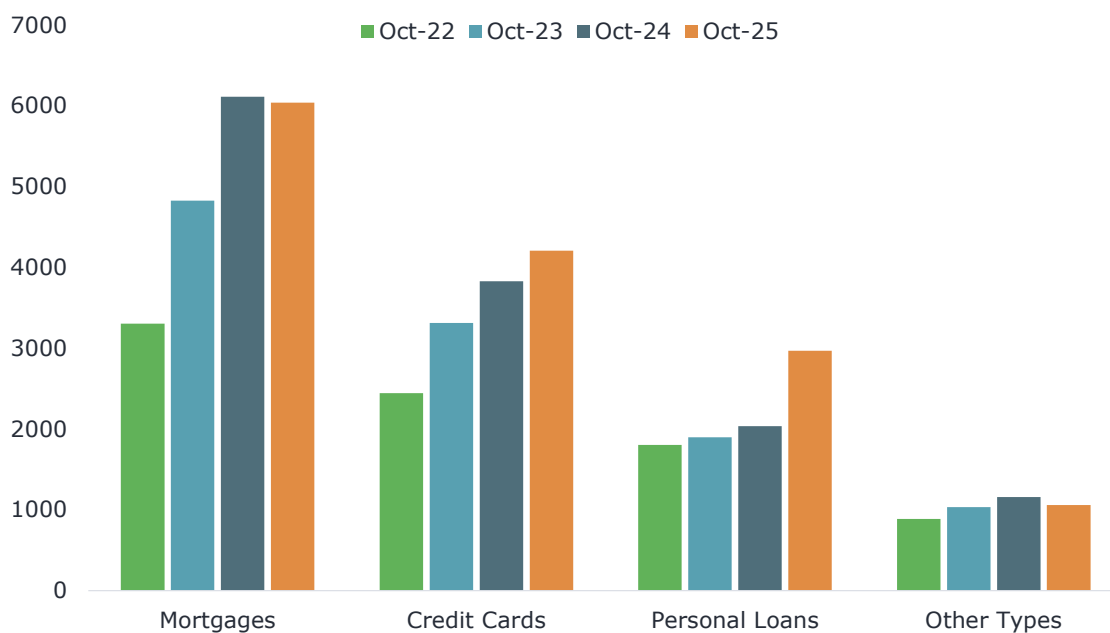
Financial hardship cases have generally been rising since November 2022, although the trend has begun to stabilise in recent months. Currently there are nearly 14,300 accounts reported in financial hardship, an increase of 50 in the last month.

The number of financial hardship accounts is up 7.9% year-on-year. 42% of these hardship cases relate to mortgage payment difficulties which are declining, followed by 29% related to credit card debt.

Personal loan hardships are up 46% year-on-year, accounting for 21% of all hardship cases.

The highest rate of financial hardships are with those aged between 35 and 49 years old.

Financial Hardship by Product Type



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2025 Recovery snapshot: Credit recovery unevenly distributed

Insights show there is a clear North and South Island divide.

During the past year, credit conditions across New Zealand have shown varying degrees of recovery following the peak in arrears and default activity in 2024.

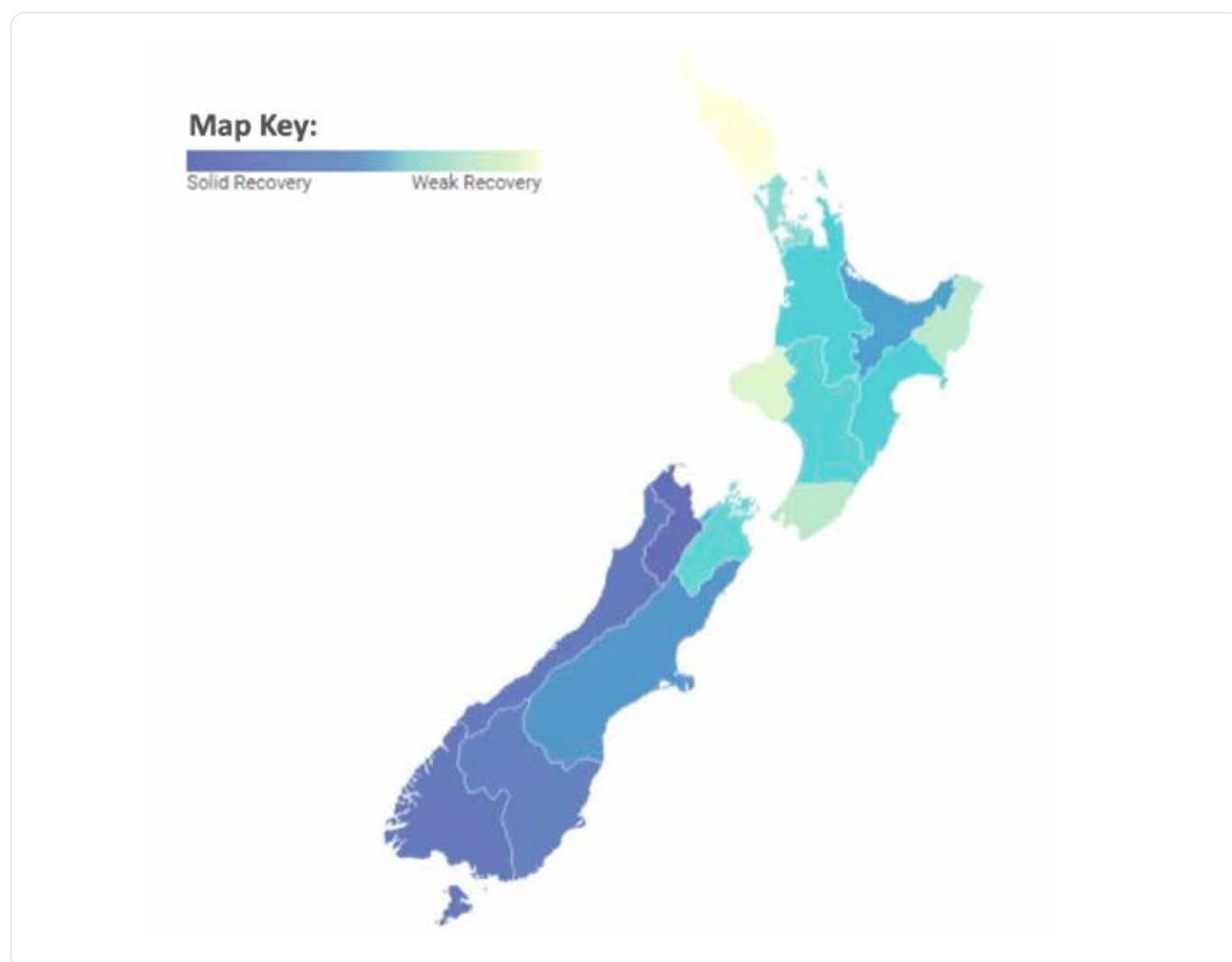
Key credit indicators — arrears, mortgage performance, defaults, credit demand, and business liquidations - provide a composite view of regional credit health.

Stronger regions (dark blue) show improving credit performance and demand, while weaker ones continue to face elevated arrears and financial stress.

The South Island shows strong credit improvement, driven by lower arrears and renewed lending growth. Dairy farming confidence is high, construction outlook is improving, and hospitality trading performance is holding up well.

BOP, Waikato, Auckland, Manawatu and Hawke's Bay are showing moderate recovery, led by agriculture activity in the rural areas, with construction pipelines picking up in some areas.

Northland, Gisborne, Taranaki and Wellington continue to lag, with elevated arrears and business liquidations. Construction and housing market remain slow.



Insights show there is a clear North and South Island divide.

Business credit demand up, defaults down

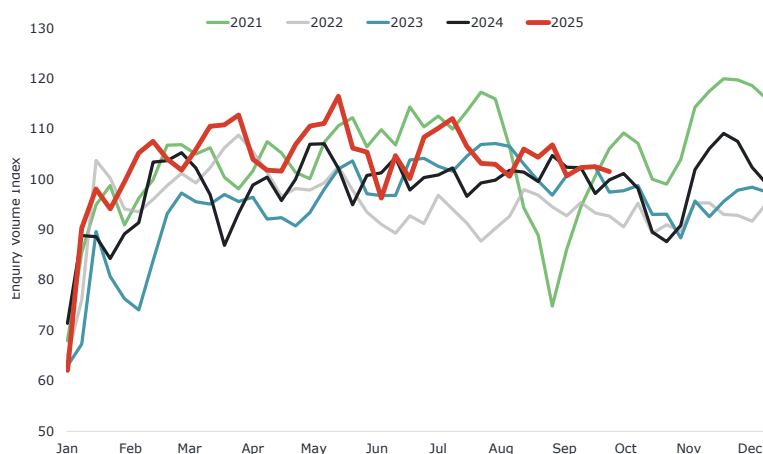
Business credit demand is up 3.5% over the same period in the prior year.

The hospitality sector continues to lead credit demand, up 31% over the past 12 months, followed by Education/Training (+22%) and Retail Trade (+21%). The transport and construction industries lag demand at -3% and -8% year-on-year.

Average business credit scores for new credit applications fell slightly to 747, but is up 4 points year-on-year and compared to 751 last month.

Business credit defaults are down 13% year-on-year, easing from the peaks observed last year.

Business Credit Demand: 2021 to 2025



Business credit demand is up 3.5% over the same period in the prior year.

	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	-8%	-17%	755 ↑	+23%	2.4X
	Hospitality	+31%	-12%	732 ↓	+41%	2.7X
	Retail Trade	+21%	-8%	764 ↓	+13%	1.0X
	Transport	-3%	-16%	722 ↓	+31%	2.4X
	Property / Rental	+6%	+3%	807 ↓	+7%	0.8X
	Manufacturing	-4%	-5%	777 ↑	+11%	1.6X
	Agriculture	+9%	-15%	795 ↑	+2%	0.7X
	All Sectors	+4%	-13%	785 ↓	+16%	1.0X

Table above shows 'year-on-year' comparisons using 12 month rolling averages.

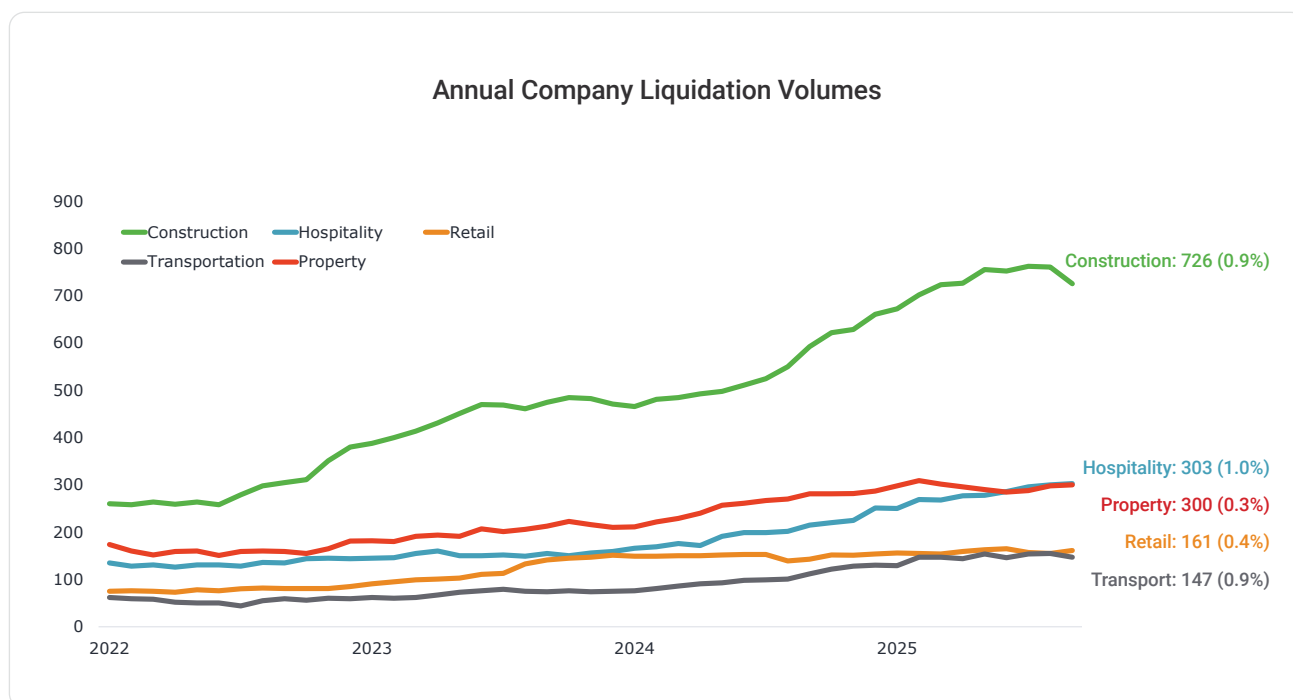
The Liquidation rating is the proportion of liquidations divided by the proportion of businesses in a given sector.

Signs of improvement in liquidation trends

Signs of improvement in liquidation trends are now being observed across 7 of the 19 industry sectors, notably in wholesale trade, financial and insurance services, and professional services.

Construction remains the leading industry for company liquidations, with 726 firms liquidated in the past year – an increase of 23% on the previous year. However, this accounts for only 0.9% of all registered companies in the sector.

The hospitality sector is the second-largest industry contributing to company liquidations, with 303 recorded in the past year – up 41% on the prior year.



Signs of improvement in liquidation trends are now being observed across 7 of the 19 industry sectors.

Highlight on the construction sector

There are more than 84,000 registered companies in the construction sector, which make up 11.5% of all registered companies.

While there has been a 23% year-on-year increase in the number of construction companies placed into liquidation, recent trends show signs of improvement.

This may indicate that the construction downturn is nearing an end, as building consents appear to have stabilised.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Construction	84,674	11.5%	-8%	-17%	755	23%	2.4X
Building Construction	28,713	3.9%	-3%	-15%	745	13%	2.9X
Non-Residential Building Construction	1,069	0.1%	-37%	-48%	754	-13%	3.4X
Residential Building Construction	27,644	3.7%	2%	-14%	745	15%	2.9X
House Construction	19,499	2.6%	1%	-14%	737	10%	3.1X
Flats/Units Construction	1,140	0.2%	-2%	-38%	744	-46%	3.4X
House Renovation	3,756	0.5%	16%	-5%	746	133%	2.6X
Repair of Residential Buildings	1,643	0.2%	4%	3%	727	133%	2.4X
Construction Services	46,271	6.3%	-10%	-15%	749	23%	2.3X
Building Completion Services	11,895	1.6%	-4%	-28%	718	17%	2.1X
Building Installation Services	16,668	2.3%	-12%	0%	787	54%	1.7X
Building Structure Services	4,299	0.6%	-11%	-9%	705	-5%	3.6X
Land Development and Site Preparation Services	6,391	0.9%	-16%	-9%	731	57%	3.1X
Other Construction Services	7,018	0.9%	0%	-23%	724	0%	2.3X
Heavy and Civil Engineering Construction	2,226	0.3%	-1%	-46%	730	16%	3.6X

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Last updated October 31, 2025.

Centrix data

Centrix provides the most up-to-date credit insights available in NZ and holds the richest dataset of payment credit information available in New Zealand. Our extensive and unique credit information database comprises of comprehensive credit information, utility data and supporting credit risk information aggregated from a wide range of sources.

Specifically our data comes from:

- 93 registered banks, finance companies, utility companies, telcos, and other business contributors to Comprehensive Credit Reporting (CCR), providing payment behaviour data. Major bank contributors include ANZ, ASB, BNZ, Westpac, Kiwibank, TSB Bank, and The Co-Operative Bank.
- Credit enquiries, when businesses or individuals apply for finance – indicative of real time credit demand.
- Monthly snapshots of arrears trends and exposure (open accounts and credit limits).
- Fintech providers such as Buy Now Pay Later (BNPL) etc.
- Payment history on more than 95% of individuals and most credit active businesses within New Zealand.
- Defaults loaded by collections agencies and credit providers.

Glossary of Terms:

- Credit demand - real time - a leading indicator of consumer and business confidence.
 - Consumer - applies to individuals that apply for finance, telco, broadband, power, tenancy, and utility accounts.
 - Business - applies to businesses that apply for credit terms with any goods and services providers including finance.
- Payment arrears - a one month lag indicator – data contributors typically report the payment status of their customers the month after the payment is due.
- Defaults - a lag indicator - a default will be listed on a credit file where a payment over \$125 is overdue by at least 30 days and the credit provider has tried to recover the money.

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