

Upstart Holdings Earnings Call Summary

Symbol: UPST | Call Date: 2025-11-05

Executive Summary

EXECUTIVE SUMMARY

Upstart Holdings has demonstrated significant growth in Q3 2025, with a 71% year-on-year revenue increase and 80% growth in transaction volume. However, the company has also exhibited a cautious approach to underwriting, resulting in a decrease in its conversion rate from 23.9% in Q2 to 20.6% in Q3. This shift reflects a response to macroeconomic signals, indicating a potential tightening of credit conditions. The company reported over 2 million applications, a 30% increase from Q2, but transaction volume fell short of expectations, suggesting that while demand is strong, the approval process is becoming more selective.

Upstart's new product lines, including small-dollar loans, auto, and home equity loans, are gaining traction, accounting for 12% of originations and 22% of new borrowers. The auto retail segment has seen particularly impressive growth, with transaction volume increasing over 70% sequentially. The company has also expanded its partnerships, adding seven new bank and credit union partners in Q3, which enhances its funding capabilities.

Despite these positive indicators, the company is navigating a complex macroeconomic environment, with rising repayment speeds and a cautious consumer sentiment. Upstart's AI-driven underwriting models are designed to adapt quickly to these changes, but the recent conservatism in approvals may impact future growth. As competitors ramp up their offerings, Upstart's ability to maintain its edge in AI and underwriting precision will be critical.

In response, we must closely monitor Upstart's pricing strategies, product innovations, and market positioning. Their focus on AI-driven credit solutions and partnerships could inform our own strategies. Additionally, we should consider enhancing our underwriting models and exploring new product offerings to capture market share in the evolving landscape.

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ECONOMIC PERFORMANCE

Upstart Holdings reported a total revenue of approximately \$277 million for Q3 2025, reflecting a robust 71% increase year-on-year and an 8