

Upstart Holdings Earnings Call Summary

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

Executive Summary

EXECUTIVE SUMMARY

Upstart Holdings reported a robust Q3 2025, showcasing a 71% year-on-year revenue growth to approximately \$277 million, driven by a significant increase in transaction volume and a strong application pipeline. However, the company exhibited a conservative approach to underwriting, resulting in a drop in conversion rates from 23.9% in Q2 to 20.6% in Q3. This cautious stance, influenced by macroeconomic signals, suggests a potential shift in risk appetite that we must monitor closely. Upstart's AI-driven underwriting model is designed to respond rapidly to economic changes, which they claim is a competitive advantage. Their new product lines, particularly in auto and home equity loans, are gaining traction, accounting for 12% of originations and 22% of new borrowers.

The company has also expanded its partnerships, adding seven new bank and credit union partners, which enhances their funding capacity. However, the competitive landscape is tightening, especially in the super-prime segment, where Upstart has seen some pressure on originations. Their focus on maintaining credit performance while navigating a complex macro environment will be crucial as we strategize our response.

Key signals to act on include Upstart's pricing adjustments, their increased interest rates, and the performance of their new product lines. We must evaluate our own underwriting models and consider how to leverage AI to enhance our competitive positioning. Additionally, we should explore partnerships that could bolster our funding capabilities and product offerings, particularly in the auto and home equity sectors.

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ECONOMIC PERFORMANCE

Upstart's Q3 2025 results indicate a strong economic performance, with total revenue reaching approximately \$277 million, a 71% increase year-on-year and an 8% sequential growth. This growth was primarily driven by a surge in transaction volume, which rose by 128% year-on-year to approximately 428,000 transactions. Notably, the average loan size decreased by 12% to around \$