

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 transaction volume increasing by 80% year-on-year and revenue up 71%. However, the company has adopted a more conservative underwriting approach, resulting in a drop in approval rates from 23.9% to 20.6%. This shift indicates a cautious response to macroeconomic signals, which could present an opportunity for competitors to capture market share from borrowers who may be underserved due to Upstart's tightening criteria.

The company reported over 2 million applications in Q3, a 30% increase from Q2, indicating strong consumer demand. However, the conversion rate decline suggests that while demand is robust, Upstart's stricter underwriting may limit their ability to capitalize on this interest. Their new product lines, including small-dollar loans and auto financing, are gaining traction, with transaction volumes in these segments growing by 300% year-on-year.

Upstart's funding situation remains strong, with a record number of bank partnerships and successful securitizations, indicating confidence in their credit performance. However, they are experiencing a compression in spreads, which could affect profitability if not managed carefully.

As competitors, we must closely monitor Upstart's underwriting changes and product innovations, particularly in the auto and home equity loan sectors. Their advancements in AI-driven underwriting and customer acquisition strategies could pose a significant threat if we do not enhance our own capabilities.

In summary, while Upstart is currently positioned well, their conservative approach may create openings for us to attract borrowers who are seeking more flexible lending options. We must act decisively to capitalize on these dynamics.

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ECONOMIC PERFORMANCE

Upstart's economic performance in Q3 2025 reflects a strong growth trajectory, with total revenue reaching approximately \$277 million, marking a 71% increase year-on-year and an 8% sequential rise. This growth is underpinned by a substantial rise in transaction volume, which hit approximately