

Upstart Holdings Earnings Call Summary

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

Executive Summary

EXECUTIVE SUMMARY

Upstart Holdings reported a robust Q3 2025, showcasing significant year-on-year growth in transaction volume (80%) and revenue (71%). However, a notable shift in their underwriting model led to a conservative approach, resulting in a decrease in approval rates and a drop in conversion rates from 23.9% in Q2 to 20.6% in Q3. This conservative stance, while aimed at maintaining credit quality, raises questions about their ability to capitalize on strong consumer demand, which saw over 2 million applications in Q3a 30% increase from Q2.

The company has successfully expanded its product offerings, with small-dollar loans, auto, and home loans accounting for 12% of originations and 22% of new borrowers. Their auto retail business is particularly noteworthy, with transaction volume growing over 70% sequentially. Upstart's partnerships with banks and credit unions have strengthened, adding seven new partners in Q3, which is critical for funding their expanding product lines.

Despite the positive metrics, Upstart's cautious approach to underwriting in response to macroeconomic signals could present an opportunity for competitors to capture market share. Their focus on AI-driven credit models and rapid adjustments to market conditions positions them as a formidable player, but their recent conservatism may allow rivals to attract borrowers seeking quicker approvals.

As we strategize our next moves, we must closely monitor Upstart's performance, particularly in their new product lines and their ability to balance risk with growth. Their emphasis on AI and data-driven underwriting is a clear signal that we need to enhance our technological capabilities to remain competitive.

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ECONOMIC PERFORMANCE

Upstart's economic performance in Q3 2025 indicates a strong trajectory, with total revenue reaching approximately \$277 million, reflecting a 71% increase year-on-year and an 8% sequential growth. The company achieved a GAAP net income of \$32 million, significantly up from previous quarters, showcasing their