NOVEMBER 2026

Upstart

UPSTART SHORT REPORT

Upstart
Beyond FICO

The economics of Upstart's AI underwriting advantage



+41%

More borrowers approved at the same loss rate, compared with a traditional model

2,500+

Variables used to assess borrower risk, beyond conventional credit scores and income data

110M+

Monthly repayment observations informing model development and risk assessment

WHITESIGHT

Disclaimer: This report has been independently authored by WhiteSight, and is not sponsored by any third party.

AT A GLANCE

Beyond FICO: the same borrowers, priced more precisely

Did you know that 91% of Upstart-powered loans were fully automated in FY2025, up from 69% in FY2021.

Upstart's edge is not lending to riskier borrowers. It prices the same borrowers more precisely, and that precision shows up three times in the P&L: more approvals, lower prices and lower cost to serve. The 2022–23 shock showed the limit: accuracy protected unit economics, but only committed funding protects volume.

+41%
more approvals than a traditional model (model comaprison 2025)

−33%
lower APRs at the same loss rate (model comparison 2025)

2,500+
variables per decision, against a score, income and DTI

Key takeaways

1 **Scorecards force a trade-off.**
Narrow inputs, coarse bands and slow refits make lenders choose between approvals and losses.

2 **The moat is labelled data.**
110M+ repayment events, about 124,800 added a day. A new entrant starts with none.

3 **Unit economics held in the shock.**
Originations fell about 60% from 2021 to 2023, yet contribution margin rose to 63%.

4 **Automation is the margin engine.**
About 91% of 2025 revenue was fees. Adjusted EBITDA margin went from -3% in 2023 to 22% in 2025.

5 **Funding is the open question.**
$7.45B of 2026 forward-flow and a conditional bank charter are yet to face a real downturn.

01 TRADITIONAL UNDERWRITING

Traditional scorecards simplify credit risk, limiting pricing precision

Traditional underwriting relies on credit history, income and debt-to-income ratios to assess borrowers. Applicants are typically grouped into risk bands, with lending decisions and pricing based on predefined rules. This approach is established and explainable, but can overlook differences in repayment risk between borrowers with similar credit scores.

Credit history, income & DTI → **Risk score** → **Pricing band** → **Periodic model updates**

Three limitations of traditional scorecards:

Narrow inputs

A score sees only what the bureau file holds. Applicants with short or atypical histories can be declined or priced conservatively, whatever their capacity to repay.

Coarse pricing

Borrowers in one band get similar terms, so a lender has little room to reward the stronger borrowers in a band without taking more risk elsewhere.

Slow feedback

A scorecard is fitted and then held. It responds to changing conditions at the pace of the next refit, not the next repayment.

The trade-off every lender recognises

Approve more
and accept higher losses

or

Protect losses
and turn away good borrowers

UPSTART'S PROPOSITION

Better information loosens the trade-off
rather than moving along it

Most lenders bolt AI onto legacy scorecards

Upstart started from the model

2017

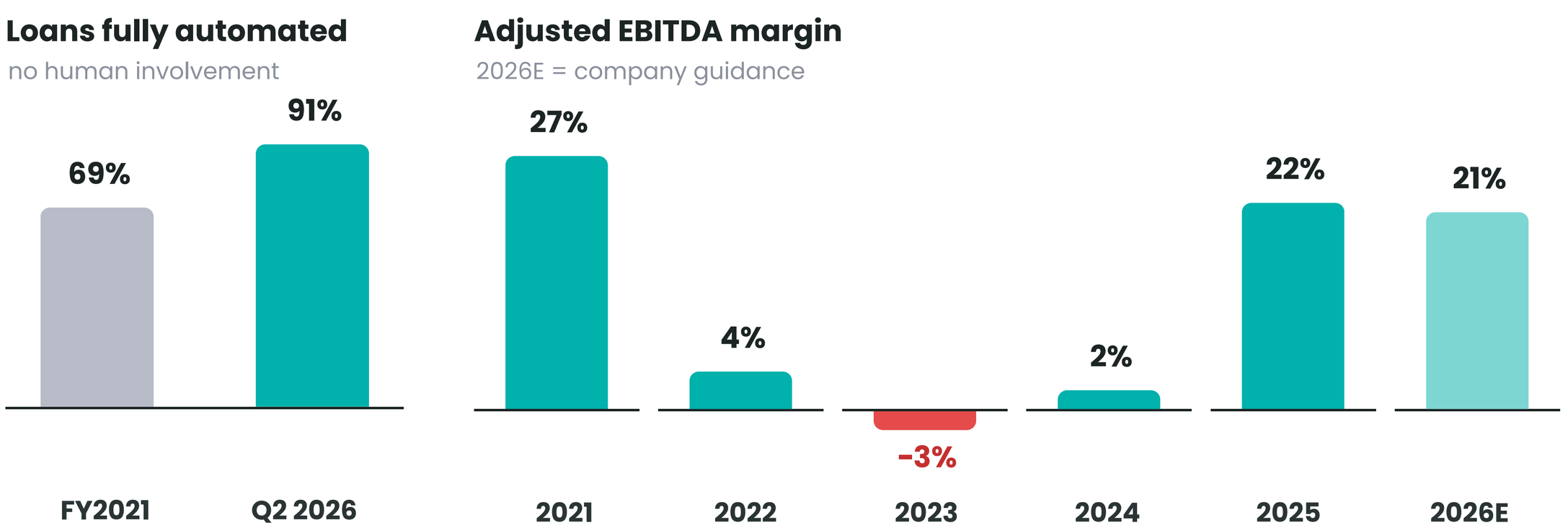
Regulatory acceptance came early. Upstart received a CFPB no-action letter in 2017 for its alternative underwriting model, subject to specified conditions. The letter provided limited regulatory assurance, rather than blanket approval or certification of fair-lending compliance.

Source: Upstart 10-K and annual reports FY2021–FY2025, investor relations and newsroom; WhiteSight analysis.

04 AUTOMATION AND EFFICIENCY

Automated underwriting supports operating leverage as lending volumes scale

Upstart's fully automated loan share increased from 69% in FY2021 to 91% in Q2 2026. Automation can reduce manual processing requirements as lending volumes grow, supporting operating efficiency. In FY2025, fee revenue reached $950M, representing approximately 91% of total revenue.



Q2 2026: the leverage working on the upside

$365M
revenue, up 42% year on year

$193M
contribution profit, an all-time high

$77M
adjusted EBITDA, a 21% margin

+$16.5M
GAAP net income, after -$6.6M in Q1

OPERATING LEVERAGE CUTS BOTH WAYS

From FY2021 to FY2023 revenue fell about 40% and adjusted EBITDA went from **$232M to -$17M** . Automation lowers the marginal cost of a decision, not the fixed cost of the platform.

THE NEXT TEST: SECURED LENDING

Auto and home grew 300% and 250% in Q1 2026, taking secured and other products from **6.6% to 13.9%** of originations. Secured was still about **-35%** contribution margin in Q2 2026.

Source: Upstart FY2021–FY2025 and Q1–Q2 2026 results; WhiteSight Strategy Playbook. 2026E guidance: ~$1.4B revenue, ~21% adjusted EBITDA margin; terminal target ~25%.

Upstart: the AI lender becoming a bank



This brief is one slice of the full Upstart Strategy Playbook: 10 chapters on how Upstart built its AI underwriting model, how it funds the loans, and what banks and fintechs should do about it. Written for product, growth and strategy leaders.

GET THE FULL PLAYBOOK →

$365M revenue, Q2 2026, up 42% YoY	**21%** adj. EBITDA margin, Q2 2026	**$193M** contribution profit, all-time high	**+$16.5M** GAAP net income, Q2 2026

What's inside the playbook

01 Executive Summary
5 themes shaping Upstart · Core story · The niche · The moat

02 Company & Leadership Context
Basics · Executive team · Funding · Leadership era & performance

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Six pillars · Business model · Data flywheel · Market context

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Three strategic pillars driving the next phase

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