

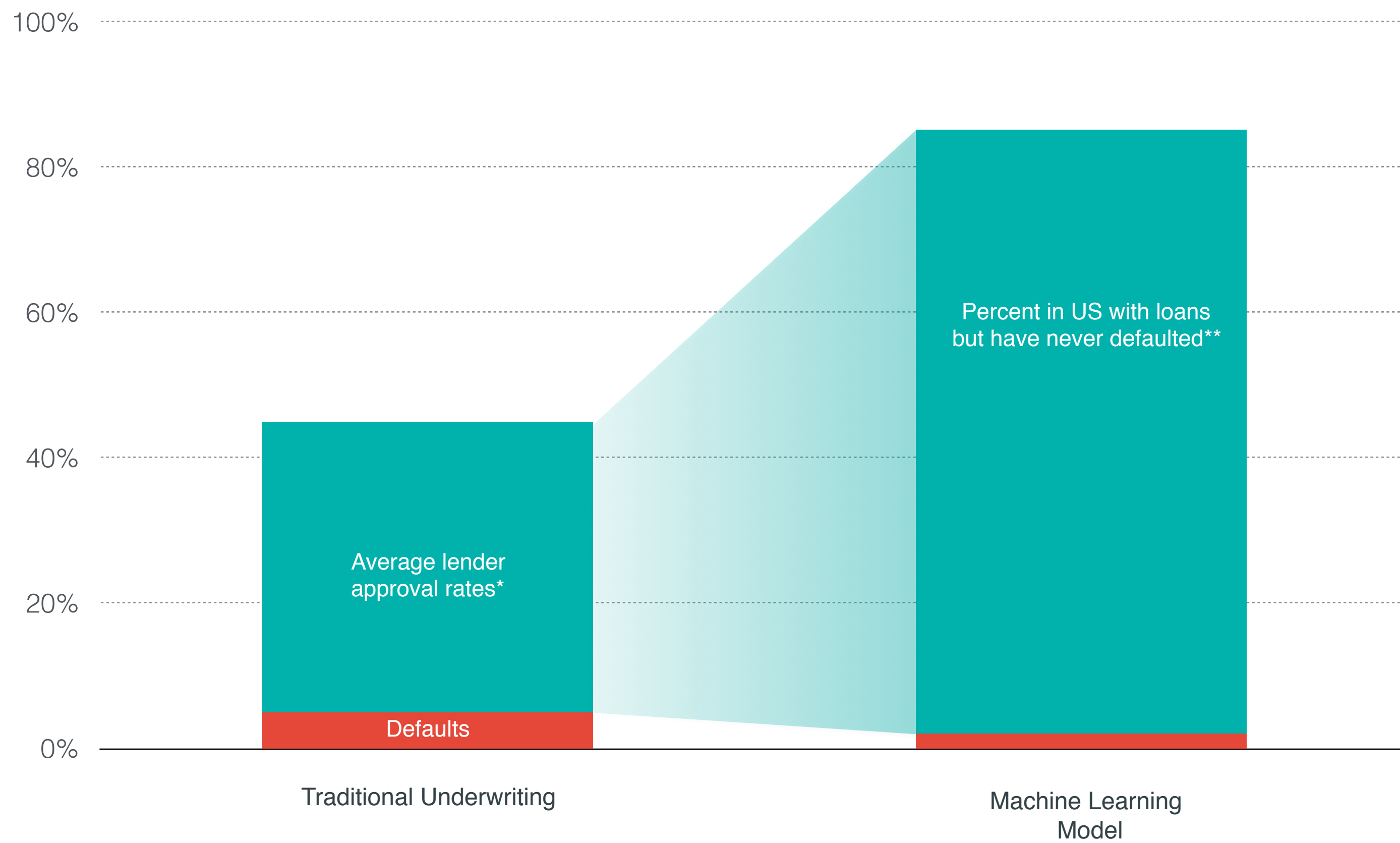


A Smarter Loan. You Earned it.

# Upstart brings modern data science and best-in-class technology to consumer lending

	Upstart
<b>Company</b>	Founded by ex-Googlers, backed by Third Point, Khosla Ventures, First Round Capital, Google Ventures, Eric Schmidt, Marc Benioff, Mark Cuban
<b>Product</b>	3- and 5-year unsecured personal loans from \$1,000 to \$50,000
<b>Borrowers</b>	Avg 28 years old, 91% college grads, 690-700 avg FICO, \$100K salary
<b>Originations</b>	\$480M since May 2014, more than 37,000 loans

# By utilizing machine learning, a lender could approve twice as many borrowers and yet have fewer defaults



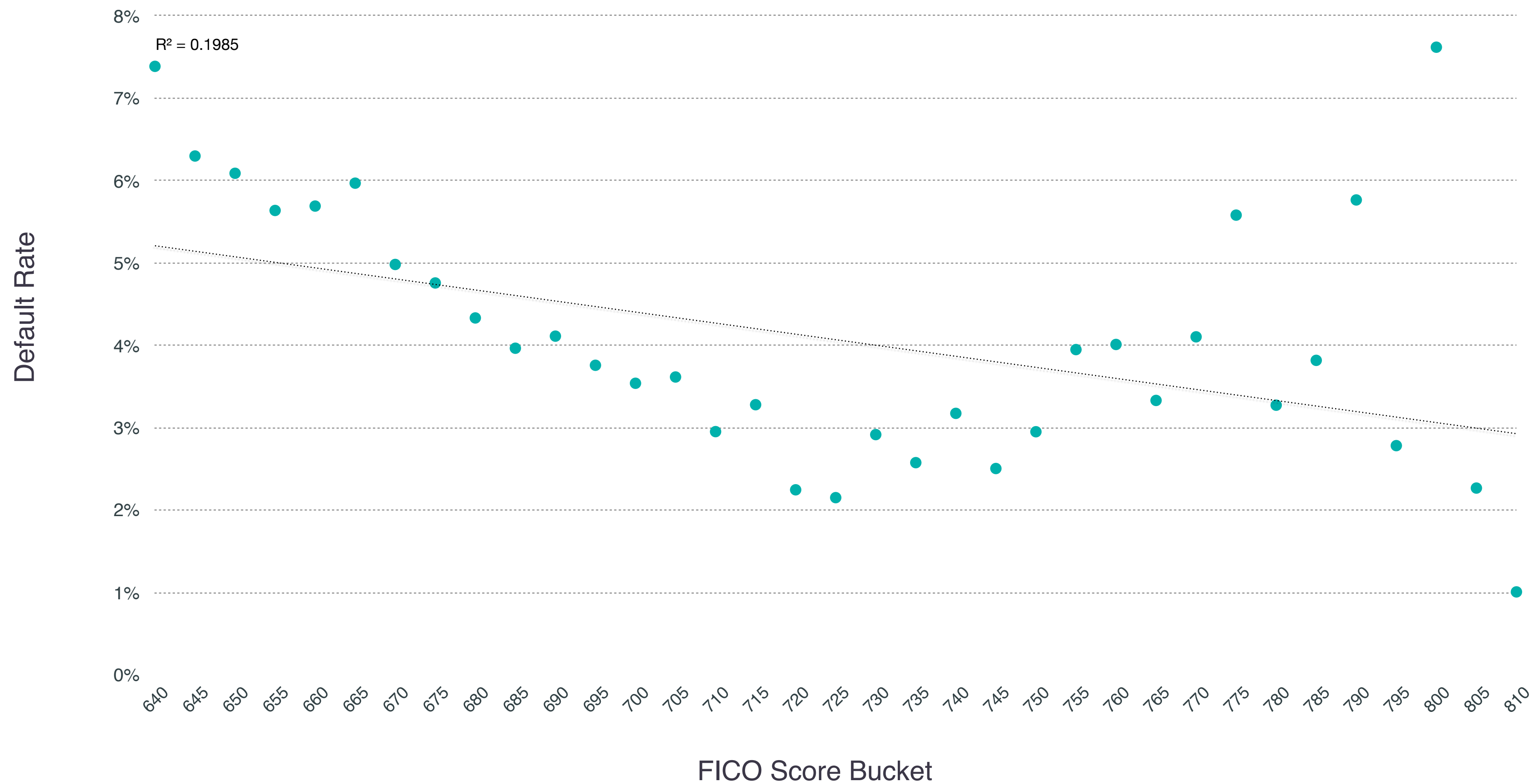
\* Source: Prosper, Lending Club

\*\*Source: Upstart data study with TransUnion

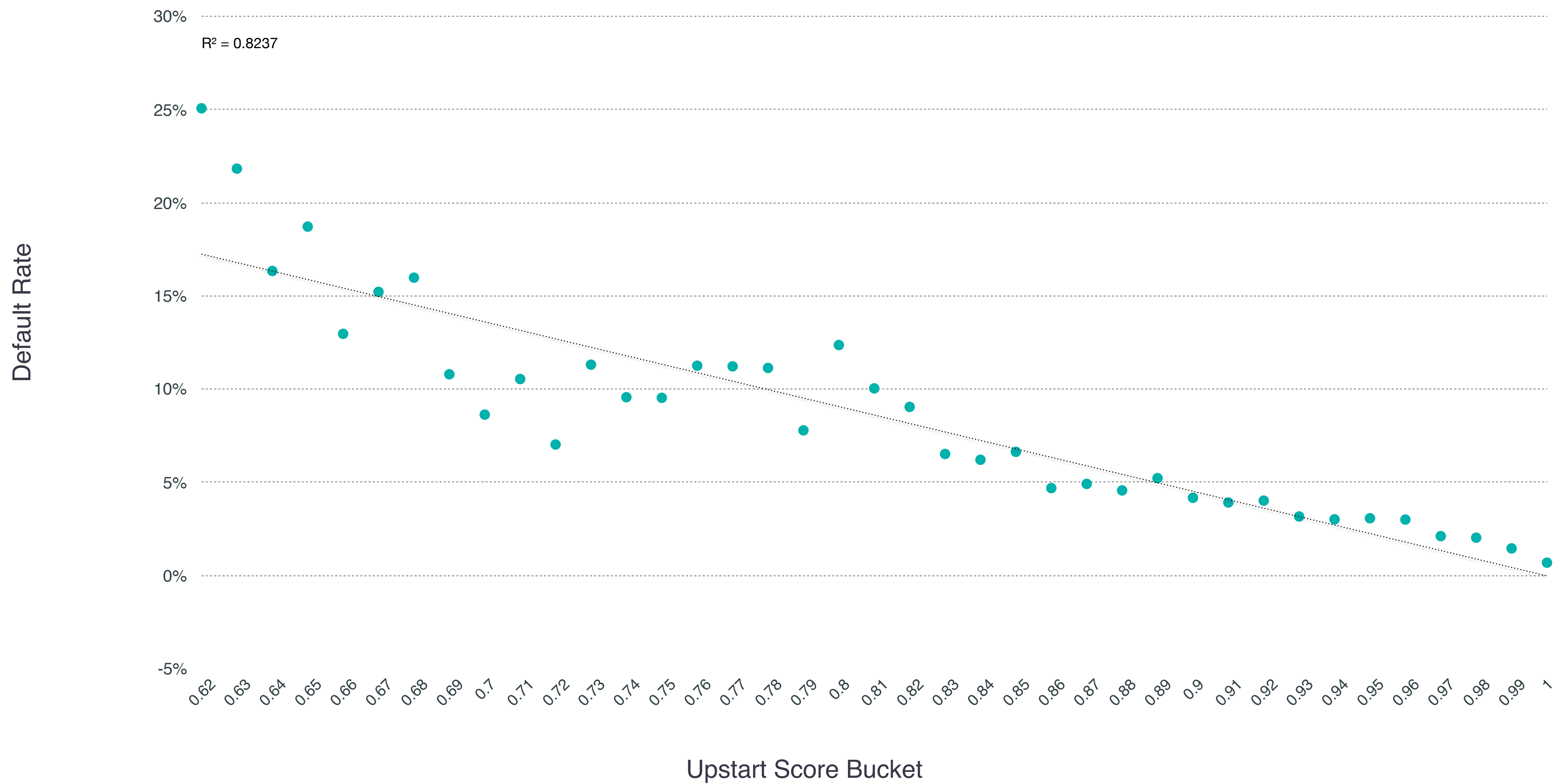
# Upstart is the first consumer lender applying modern data science to the problem of credit decisioning

	Traditional	Upstart
Variables	Credit file • Income	Credit file • Income • Occupation • Employer • Work Experience • Degrees • Schools • Academic performance • Job Offers • Cost of Living • etc.
Methods	Binary decision logic, simple regression	Continuous decision logic, cross-validated logistic regression, higher-order variables, random forest, monte carlo methods, ensemble learning
Learning Speed	Lenders 2-3x per year, FICO 2-3x per decade	Automated training, daily updates

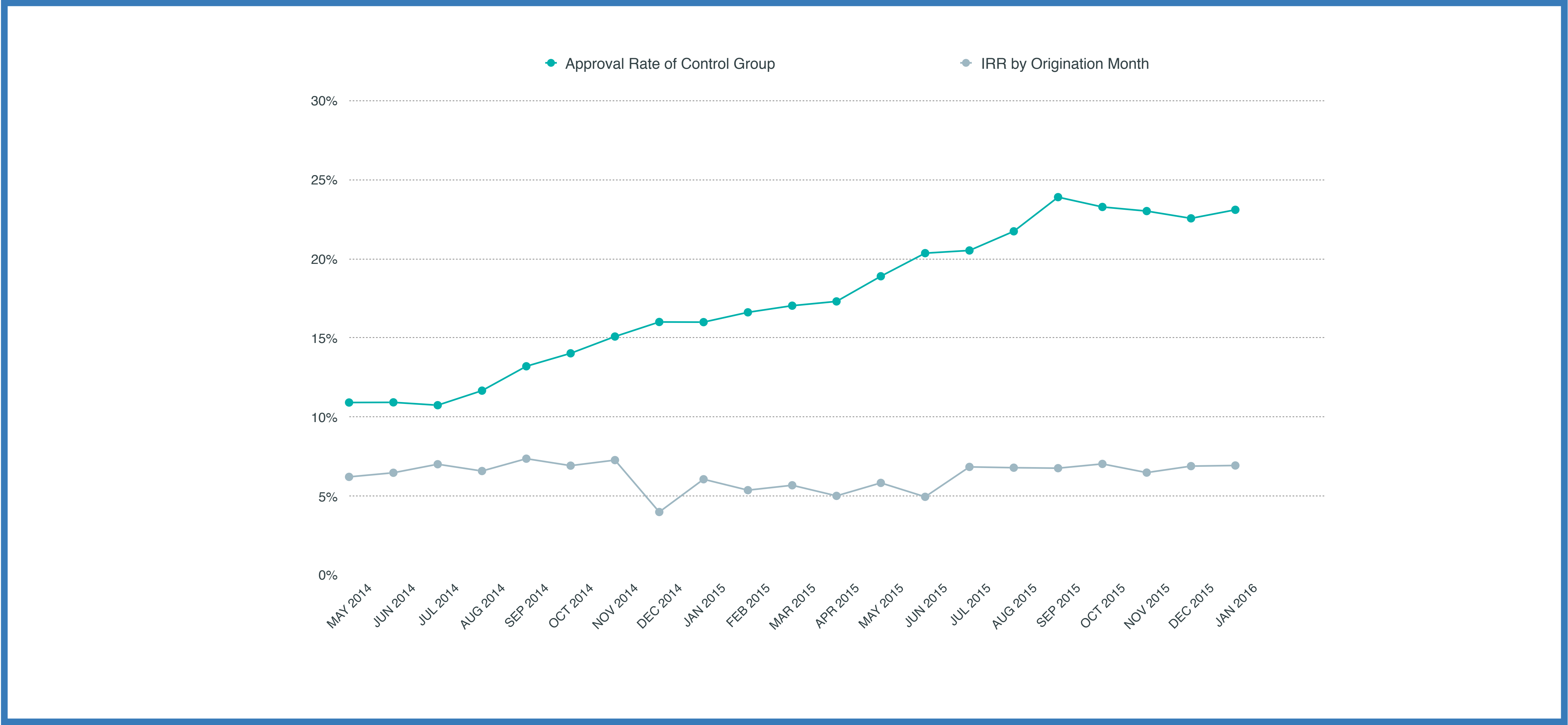
# FICO is useful but limited in its ability to predict credit defaults



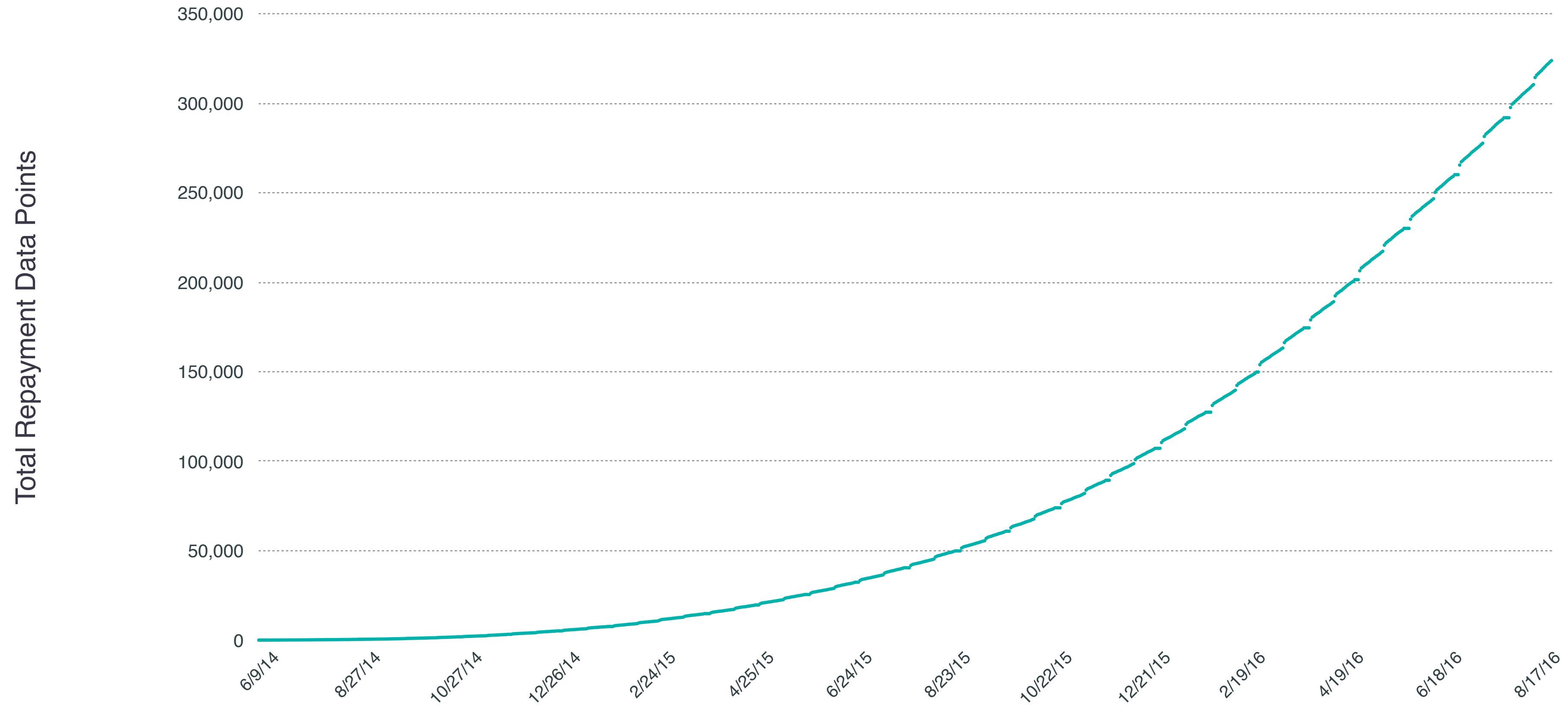
# Upstart supplements FICO with more than 50 other variables that result in significantly enhanced predictiveness



# Data science has yielded steadily increasing approval rates, reduced credit losses, and consistent investor returns



# The model is improving daily as our proprietary training data grows exponentially





# Upstart loans are profitable at origination

	Jun - Aug 2015	Jun - Aug 2016	December 2016 (est)
<b>Revenue per loan</b>	<b>\$755</b>	<b>\$668</b>	<b>\$694</b>
Origination fees	\$714	\$620	\$632
Referral fees	\$41	\$19	\$30
Service fees	\$0	\$29	\$33
<b>Variable cost per loan</b>	<b>\$682</b>	<b>\$521</b>	<b>\$472</b>
Acquisition	\$497	\$358	\$328*
Operations	\$185	\$163	\$144
<b>Gross profit per loan</b>	<b>\$73</b>	<b>\$147</b>	<b>\$223</b>

\* represents GAAP treatment of CAC - all acquisition expenses are recognized immediately