TRANSCRIPT

07 – 29 - 2025

SoFi Technologies

Q2 2025 Earnings

TOTAL PAGES: 27

SoFi Technologies

Q2 2025 Earnings

CORPORATE SPEAKERS:

Mike Ioanilli
Vice President, Investor Relations
Anthony Noto
SoFi Technologies; Chief Executive Officer
Chris Lapointe
SoFi Technologies; Chief Financial Officer

PARTICIPANTS:

John Hecht
Jefferies; Analyst
Dan Dolev
Mizuho; Analyst
Andrew Jeffrey
William Blair; Analyst
Kyle Peterson
Needham & Co.; Analyst
Moshe Orenbuch
TD Securities; Analyst
Peter Christiansen
Citigroup; Analyst
Unidentified Participant
Unknown; Unknown
Reginald Smith
JPMorgan; Analyst

PRESENTATION:

Operator^ Good morning or good afternoon, all, and welcome to the SoFi Technologies Q2 2025 Earnings Conference Call. (Operator Instructions) And with that, you may begin your conference.

Mike Ioanilli^ Thank you and good morning. Welcome to SoFi's Second Quarter 2025 Earnings Conference Call. Joining me today to talk about our results and recent events are Anthony Noto, CEO, and Chris Lapointe, CFO. You can find the presentation accompanying our earnings release in the Investor Relations section of our website. Unless otherwise stated, we'll be referring to the adjusted results for the second quarter of 2025 versus the second quarter of 2024.

Our remarks today will include forward-looking statements that are based on our current expectations and forecasts and involve risks and uncertainties. These statements include but are not limited to our competitive advantage and strategy, macroeconomic conditions and outlook, future products and services and future business and financial performance. Our GAAP consolidated income statement and all reconciliations can be found in today's earnings release and the subsequent 10-Q filing, which will be made available next month.

Our actual results may differ materially from those contemplated by these forward-looking statements. Factors that could cause these results to differ materially are described in today's press release and our subsequent filings made with the SEC, including our upcoming Form 10-Q. Any forward-looking statements that we make on this call are based on assumptions as of today. We undertake no obligation to update these statements as a result of new information or future events.

And now I'd like to turn the call over to Anthony.

Anthony Noto^ Thank you and good morning, everyone. We had an excellent second quarter as we continue to drive durable growth and strong returns through our relentless focus on product innovation and brand building. Our one-stop shop strategy is stronger than ever, further accelerating our year-over-year growth in adjusted net revenue to 44%, the highest growth rate in over two years, and driving a 5.6x year-over-year increase in earnings.

I'll begin by covering our key results for the quarter, starting with our durable growth, which continues to be driven by the growth of members and products. We added a record 850,000 new members in Q2, increasing total members by 34% year-over-year, to 11.7 million SoFi members. We also added a record 1.3 million new products, representing 34% year-over-year growth, to over 17 million products. Cross-buy remained strong in the second quarter, with 35% of new products opened by existing SoFi members. We have proven once again that our strategy is successful in driving new members to SoFi and getting existing members to do more with us.

SoFi Technologies

Q2 2025 Earnings

Our strong member and product growth powered our revenue growth in the second quarter. Adjusted net revenue was a record of $858 million, up 44% year-over-year. Together, our Financial Services and Technology Platform segments generated $472 million of revenue, up 74% year-over-year and now representing 55% of total revenue.

In our Lending segment, adjusted net revenue grew 32% year-over-year to $447 million driven by strong originations in the segment of $6.3 billion, up 18% from the prior year. Combined with the very strong $2.4 billion of originations in the Loan Platform Business, total originations reached a record of $8.8 billion for the second quarter. This is an increase of $1.5 billion from just last quarter.

Total fee-based revenue across our business was also a quarterly record at$378 million, up 72% from the prior year. This was driven by strong performance from our Loan Platform Business, origination fees, referral fees, interchange revenue and brokerage fee revenue. On an annualized basis, we are now generating over $1.5 billion of fee-based revenue, reflecting the deliberate diversification of our business towards more capital-light revenue streams.

In addition to delivering durable growth, we delivered strong returns and profitability. In the second quarter, all three segments delivered record contribution profit at attractive margins. Adjusted EBITDA for the quarter was a record of $249 million, up 81% year-over-year. Our adjusted EBITDA margin for the quarter was 29%. Our incremental EBITDA margin was 43% as we continue to balance reinvesting in the business to drive long-term growth and profitability. Net income for the quarter was $97 million at a margin of 11%. Earnings per share were $0.08.

Finally, our tangible book value ended the quarter at $5.3 billion, a year-over-year increase of over $1 billion and a quarter-over-quarter increase of nearly $200 million.

This strong financial performance is driven by our consistent, disciplined investment across our diverse portfolio of businesses focused on building a trusted brand name, continuously enhancing existing products and developing new products to help our members get their money right. As the only one-stop shop for digital financial services, our investments can drive greater long-term growth because we have more ways to attract members to our platform and more ways to grow with them once they're here.

Let me give an example of how this works. A member may come to us through SoFi Relay, a free product that analyzes a member's finances and provides tangible options for how they can spend less than they earn so they can invest the rest. For perspective, it costs less than $15 to acquire a SoFi Relay member. Based on the ease of use and the quality of the insights, this member decides to move their checking and savings accounts from a big bank to our SoFi Money product.

To get our best APY, the member enrolls in direct deposit, instantly making them a SoFi Plus member with access to our best benefits, including unlimited access to financial planners, loan discounts, more rewards and unique experiences. This member instantly goes from earning just two basis points of interest at the big bank to earning 3.8% at SoFi. So on $10,000 of savings deposits, they earn about $380 in annual interest compared to just $2 at the big bank. With this extra cash in hand, the member opens a SoFi Invest account, taking advantage of the 1% match on recurring investment deposits paid in reward points, another benefit of their SoFi Plus membership.

Later, the same member sees a recommendation in their home feed to consolidate credit card debt where they are paying north of 20% interest, into a SoFi Personal Loan at a rate in the low-teens, resulting in more savings. The member puts the money they save on a lower cost loan in a SoFi Vault to save for a down payment on a home and take advantage of our home lending product.

Every day, stories like this unfold as members turn to SoFi products for every major decision in their financial lives and every day in between. Along the way we're creating lifelong relationships that deliver real financial value to our members and to our business.

Because these relationships often stem from just one initial product, with one acquisition cost, we generate significantly more favorable unit economics. In the example above, we would generate a variable profit of about $1,800 on the Personal Loan before even considering the opportunity to grow the relationship with the home loan or other products. As we do more with each member, we drive a higher lifetime value, which is our sustainable competitive advantage, and allows us to continuously reinvest in our business to provide better products, lower interest rates on loans, higher rates on savings accounts, boosts on recurring investments and even more free financial services and, in turn, driving the power of our virtuous cycle.

The concrete result of this virtuous cycle is superior compounded growth over the last 5 years including nearly 50% revenue growth, member growth of 58% and product growth of 60%. Despite the significant growth we have achieved to date, we are just getting started. The existing opportunity in front of us is massive, and the opportunity is growing through our own innovations to expand our addressable markets and by rapidly advancing technology.

In fact, we are at an unprecedented point in time with two technology super cycles taking place. Crypto and blockchain, as well as AI, have the power to completely reinvent the future of financial services. As a tech-forward digital one-stop shop, we are uniquely positioned to capture the opportunities presented. Let me take a moment to discuss some of our recent investments in these areas as well as our ongoing investments in brand building and product innovation across our platform.

Starting with crypto and blockchain. I am very excited that during the second quarter, we announced the first two of many planned crypto and blockchain innovations across our products and services. First is self-serve international money transfers, which will allow SoFi Money members to seamlessly and securely transfer money to people in dozens of countries, whether it's to support family abroad or make purchases outside the U.S. or manage their money across borders. These transfers will be fully automated in the SoFi app at significantly faster speeds and lower costs compared to traditional services, putting more money in people's pockets, faster.

These transfers can also be done by businesses. Here's how it works. A member deposits funds in their SoFi Money account. Through the SoFi app, they initiate a transfer by entering the recipient and the amount to send in U.S. dollars. Funds are automatically transmitted on a secure, well-known blockchain network and converted into local currency at the destination, then rapidly deposited into the recipient’s account in the Fiat currency of choice.

This process is fast and easy. It can take under a minute and it will be done with full transparency with exchange rates and fees upfront, and it will be available 24/7 on the SoFi app. And you can imagine the day when the SoFi app is deployed internationally for payments coming from non-U.S. countries to the U.S. The ability to leverage blockchain technology to send money internationally is yet another enhancement of SoFi's unprecedented money movement offering.

The second crypto-related innovation is our return to crypto investing. We are excited to once again be able to provide members with the ability to buy, sell and hold a selection of cryptocurrencies like Bitcoin and Ethereum. In a recent survey of our members who invest in crypto, we found that 60% would prefer to work with a nationally-licensed bank like SoFi over their current primary crypto exchange. This is another benefit of having a bank license and yet another way we are providing our members options to invest for their future.

We now offer members the ability to buy and sell single stocks without commissions or fees, our award-winning Robo Advisory product, SoFi-branded ETFs, IPOs at IPO prices, alternative investments including new private markets funds from asset management firms including Cashmere, Fundrise and Liberty Street Advisors, which we added this month, and soon, crypto. Both self-serve international money transfers and crypto investing are expected to launch later this year with more innovations to come.

Crypto is a key area of focus for our management team and we have brought onboard significant expertise, including substantial engineering talent to advance these new initiatives. The cost, speed and security of paying, buying and spending are worse today than they will ever be in the future. Faster, safer and cheaper options will only get better and better every year. Over time, we see opportunities across our entire platform, including offering stablecoins, providing members the ability to borrow against their crypto assets, expanding payment options, and introducing new staking features, as well as blockchain and digital asset infrastructure capabilities for other companies offered by our Technology Platform. Blockchain and crypto have the potential to be a game changer for SoFi and our members.

Turning now to AI. We're implementing and testing AI applications across our business from enhancing back-office processes like dispute resolution and filing suspicious activity reports to improving how we interact with our members to help them get their money right, and we have brought on teams of engineers to drive these efforts forward.

One specific member-facing application that I'm particularly excited about is Cash Coach. Cash Coach will be a part of our Relay product and will look across your cash held at SoFi and elsewhere and tell you how much you actually have, how little you might be earning at other institutions, and how you can optimize your cash to drive a better return. Cash Coach is just the beginning. In the future, we plan to roll out “Coaches” across our platform to help members understand what they must do, what they should do, and what they can do across their financial lives every day.

Let me now shift to our brand-building efforts, which are key to establishing SoFi as a trusted household name. These investments increase the overall awareness of SoFi and have a halo effect that makes our performance marketing of each product more efficient. During the second quarter, we unveiled our first-ever music partnership as the presenting partner of the Country Music Association's CMA Fest, the world's largest and longest-running country music festival.

Beyond the exposure of having our name appear everywhere the CMA Fest brand goes at the festival and on broadcast, we also offered exclusive perks to SoFi Plus members, enriching the value of our premium membership offering. We've also partnered with award-winning artist, Kelsea Ballerini, across our marketing channels to inspire others about the importance of reaching financial independence. Together, our marketing efforts drove unaided brand awareness to an all-time high this quarter, reaching 8.5%, up from 7% last quarter.

Turning now to product innovation within our segments, starting with the Financial Services segment and the Loan Platform Business, which is having a profound impact on our business overall. As a reminder, LPB leverages our customer acquisition, operations and servicing capabilities to originate customized loan portfolios on behalf of third parties. We typically move these loans through our balance sheet in a matter of days so they don't require additional capital and we do not retain any credit risk after transfer. With LPB, we collect a fee for each loan transferred, supporting our strong growth in fee-based revenue.

Prior to the second quarter, the vast majority of our LPB volume consisted of loans within our prime credit box, but over and above the volume we want to put on our balance sheet. However, during the second quarter, we meaningfully increased the proportion of loans that are near prime with higher WAC, effectively monetizing more of the roughly $100 billion of loan applications that we are not able to meet each year. This expansion, along with the large agreements that were previously announced, helped drive record LPB origination volume of $2.4 billion, an increase of 57% from just last quarter.

On an annualized basis, after just one year, this business is running at a pace of over $9.5 billion of originations and over half-a-billion of high-margin, high-return fee-based revenue. It is now bigger than our Student Loan Refinancing business, our first business, and we see further upside still. We remain incredibly optimistic about the Loan Platform Business, which continues to move closer to becoming a $1 billion revenue business. As we look further down the road, we see the potential to tokenize SoFi loans to make them more widely available in liquid markets, in increments of dollars rather than tens of thousands of dollars such that anyone can invest in loans just like they do equities.

Turning to our Tech Platform segment. This business has been instrumental in our ability to innovate across the SoFi platform. It allows us to more rapidly develop, test and roll out new products while also providing significant cost savings versus relying solely on third parties. For example, SoFi used the Tech Platform's Cyberbank Konecta, an AI-powered virtual personal banking assistant, to provide seamless support to members across digital channels and reduce operational costs. This adoption has led to 65% faster average response times and cut our chat abandonment in half.

Tech Platform innovation is not only helping SoFi, but our clients overall. Banco Nacion, one of Argentina's largest financial institutions, selected our Cyberbank Digital platform to modernize their digital banking infrastructure. The implementation, which started with corporate banking, has already resulted in a 25% increase in organic client growth and reduced implementation time from months to just four business days. They've now positioned themselves to unify mobile and desktop banking systems for over 10 million consumer banking customers as well.

We also continue to make strong progress diversifying our client base beyond traditional financial services firms and fintechs. Earlier this year, Tech Platform launched a first-of-its-kind reward debit program with Wyndham Hotels & Resorts, and we've signed two additional travel and hospitality companies that are expected to launch before the end of this year. In total, we anticipate having approximately 10 new clients that contribute revenue in Q1 2026 that did not contribute revenue in Q1 2025.

Now turning to our Lending segment, where we had another fantastic quarter of originations. Despite this being our longest-standing business, we see significant growth opportunities across our loan types and are enhancing our product offering to capture them. For example, we are already leaders in the personal loan market, with roughly 15% of the Prime segment, however, we know that the top use of a personal loan is to refinance expensive credit card debt, which makes the real addressable market much larger.

Americans in the Prime credit category have over $700 billion of outstanding credit card debt, which means that the true opportunity is a large multiple of the volume that we are currently originating. This is one reason why in the second quarter we launched a new Personal Loan product for prime credit card customers that carry a revolving balance and are making mostly interest-only payments. While it's very early days, we are pleased with the interest in this product and to be generating awareness among members that SoFi can help them get their money right instead of being gouged by our competitors.

In Student ending, we had another strong quarter with nearly $1 billion of originations, up 35% from a year ago. Given the evolving student lending landscape, in the second quarter we launched a refinancing solution, which allows for lower payments in the early part of the loan and steps up into paying regular payments after this introductory period. This allows members to find their footing and build long-term savings, and it's another innovative way we are targeting the estimated $280 billion of student loans that can currently be refinanced at a more attractive rate. With the elimination of the government's Grad PLUS program and the capping of the Parent PLUS program, we see further opportunities for in-school lending and student loan refinance.

Turning to home lending. Total home loan originations reached nearly $800 million in the second quarter. This is an increase of more than 90% year-over-year despite the elevated rate environment. One key driver of this growth has been our home equity loan offering, a particularly attractive product in this high rate environment. In the second quarter, we had our best quarter of home equity originations surpassing last quarter's record. This product, which we didn't have a year ago, accounted for nearly a third of our home lending volume. As interest rates come down, we are planning for an acceleration in demand for both home purchase and refinance.

To put the opportunity in perspective, we have nearly 3 million members with a home loan held at another institution, and we believe we are well positioned to capture a significant portion of the refinance volume as the rate environment improves. Our success in the second quarter is a clear validation of our strategy and execution, and as you can see, we are just scratching the surface of the tremendous opportunities for growth that exist across each of our products and segments.

Furthermore, the opportunities are growing driven by both our ability to expand our addressable markets through our innovation and the rapidly advancing technology including blockchain and AI. As the only digitally native one-stop shop for financial services, we are uniquely positioned to capture the increasing opportunities on our way to becoming a top 10 financial institution. I assure you that our team is working tirelessly to add even more value to members and to seize the opportunity in front of us.

With that, let me turn the call over to Chris.

Chris Lapointe^ Thank you, Anthony. It has been a strong start to the year as we continue to drive durable growth and strong returns. We exceeded each metric that we guided to on our last call on the way to delivering accelerating revenue growth in our seventh consecutive profitable quarter. For the quarter, revenue accelerated and grew 44% year-over-year to a record $858 million. Adjusted EBITDA was also a record at $249 million and a margin of 29%. Net income was $97 million at a margin of 11% and earnings per share was $0.08. This included a small benefit of about $0.01 related to a lower-than-expected effective tax rate.

An important driver of the acceleration of growth was the increased contribution from capital-light nonlending as well as fee-based revenue sources. Our nonlending businesses generated $472 million of revenue, up 74% year-over-year, and we also generated record fee-based revenue across all businesses of $378 million, up 72% year-over-year.

Turning now to our segment performance. In terms of Financial Services, for the second quarter net revenue was $363 million, more than double that of Q2 2024. Contribution profit was $188 million, up nearly 3.4x from last year. And contribution margin was 52%, up from 31% last year. Net interest income for this segment was $193 million, up 39% year-over-year, which was primarily driven by growth in member deposits. Noninterest income grew nearly 4.6x to $169 million in the quarter, which equates to over $650 million in high-quality fee-based income on an annualized basis.

Importantly, improved monetization continues its strong contribution to revenue growth. Financial Services revenue per product increased from $64 in the second quarter of '24 to $98 in the second quarter of '25. That's up over 50%, and we see continued upside as newer products mature. In Q2, our Loan Platform Business generated $131 million in adjusted net revenue, up 36% from just last quarter. Of this, $127 million was driven by the $2.4 billion of personal loans originated on behalf of third parties as well as referrals. Additionally, LPB generated $3 million from servicing cash flows, which is recorded in our Lending segment.

The growth opportunity for this business continues to be very strong. In addition to our LPB revenue, we continue to see healthy growth in interchange, up 83% year-over-year, driven by close to $18 billion in total annualized spend in the quarter across money and credit card.

Shifting to our Tech Platform. For the second quarter, we delivered net revenue of $110 million, up 15% year-over-year. Contribution profit was $33 million at a contribution margin of 30%. Revenue growth was driven by continued monetization of existing clients along with new deals signed in new client segments.

Turning now to our Lending segment. For the second quarter, adjusted net revenue was $447 million, up 32% from the same period last year. Contribution profit was $245 million with a 55% contribution margin. These strong results were primarily driven by growth in net interest income, which increased 33% year-over-year to $373 million.

During the quarter, we had record total loan originations of $8.8 billion, up 64% year-over-year. Personal loan originations were a record at $7 billion, of which $2.4 billion was originated on behalf of third parties through LPB. In total, personal loan originations were up 66% year-over-year. Student loan originations were $993 million, up 35% from the same period last year. And home loan originations were $799 million, a year-over-year increase of more than 90%.

Capital markets activity was very strong in the second quarter. We sold and transferred through our Loan Platform Business over $3.4 billion of personal and home loans. In terms of personal loans, we closed $201 million of sales in whole loan form at a blended execution of 105.8%.

All deals had similar structures to other recent personal loan sales with cash proceeds at or near par and the majority of the premium consisting of contractual servicing fees that are capitalized. These sales included a small loss share provision that is above our base assumption of losses and immaterial relative to the exposure we would have had otherwise had if we held onto the loans. Additionally, we sold $90 million of late-stage delinquent personal loans. By selling these loans, we're able to generate positive incremental value over time versus selling after they charge off, both from our improved recovery capabilities and by maintaining servicing.

In terms of home loan sales, we closed $779 million at a blended execution of 102.2%. In addition to our personal loan and home loan sales, we executed a $690 million securitization of loans originated through our LPB business, our second securitization of collateral originated through LPB. Importantly, this channel provides our partners with meaningful liquidity to support their ongoing investment in the loan platform business. The transaction priced at an industry-leading cost of funds levels with a weighted average spread of 101 basis points.

Turning to credit performance. The health of our consumer remains strong and we're not seeing any signs of weakness. Our personal loan borrowers have a weighted average income of $161,000 and a weighted average FICO score of 743, while our student loan borrowers have a weighted average income of $136,000 with a weighted average FICO score of 768.

Our credit trends continue to be strong after seeing delinquencies peak early last year. For personal loans, the on-balance sheet 90-day delinquency rate was 42 basis points in the quarter, a decrease of 4 basis points sequentially. The annualized charge-off rate also declined to 2.83% versus 3.31% in the prior quarter. Had we not sold any late-stage delinquencies, we estimate that including recoveries between 90 and 120 days delinquent, we would have had an all-in annualized net charge-off rate for personal loans of approximately 4.5% versus 4.8% last quarter.

For student loans, the on-balance sheet 90-day delinquency rate was in line with last quarter at 13 basis points. The annualized charge-off rate for student loans increased 47 basis points to 94 basis points. This was primarily due to a few discrete items. First, we switched servicers for our student loans, which resulted in some charge-offs being delayed from Q1 to Q2 as well as some customer payment disruptions in the second quarter. Second, we purchased a portfolio of student loans at the end of Q1 that have had a higher charge-off rate in line with our expectations at the time of purchase and reflective of the price we paid for those assets. Excluding those items, normalized charge-offs across the first and second quarters would be approximately 64 basis points in Q1 and 68 basis points in Q2, in line with previous quarters, and we expect normalized levels going forward.

The data continues to support our 7% to 8% maximum life of loan loss assumption for personal loans, in line with our underwriting tolerance, although we continue to trend below these levels. Our recent vintages originated from Q4 2022 to Q3 2024 have net cumulative losses of 4.23% with 41% unpaid principal balance remaining. This is well below the 5.75% observed at the same point in time for the 2017 vintage, the last vintage that approached our 7% to 8% tolerance. The gap between the newer cohort curve and the 2017 cohort curve widened by a more favorable 19 basis points after a widening improvement of 16 basis points in Q1.

Additionally, looking at our Q1 2020 through Q1 2025 originations, 60% of principal has already been paid down, with 6.7% in net cumulative losses. Therefore, for life of loan losses on this entire cohort of loans to reach 8%, the charge-off rate on the remaining 40% of unpaid principal would need to be approximately 10%. This would be well above past levels, further underscoring our confidence in achieving loss rates below our 8% tolerance.

Turning to our fair value marks and key assumptions. As a reminder, we mark our loans at fair value each quarter, which considers a number of factors including the weighted average coupon, the constant default rate, the conditional prepayment rate and the discount rate comprised of benchmark rates and spreads. At the end of the second quarter, our personal loans were marked at 105.7%, up 28 basis points from the end of the prior quarter. This change was primarily a function of the discount rate decreasing by 20 basis points to 4.67% due to the underlying benchmark rate decrease by 25 basis points and spreads widening by 5 basis points.

As we've previously noted, both of these changes are empirical based on actual market data, not assumptions. Additionally, any fair value impacts that resulted from interest rate changes were offset nearly 1:1 by hedges. Additionally, the annual default rate decreased by 9 basis points and the conditional prepayment rate decreased by 8 basis points. Slightly offsetting these impacts was a 13-basis point decrease in the weighted average coupon.

At the end of the second quarter, our student loans were marked at 105.8%, up 61 basis points from the end of the prior quarter. This change was a function of the discount rate decreasing by 25 basis points to 3.97% driven by the underlying benchmark rate decreasing by 27 basis points, partially offset by 2 basis points of spread widening. Slightly offsetting this impact was a 35-basis point increase in the conditional prepayment rate and a 3-basis point decrease in the weighted average coupon. There was no material change to the annual default rate.

Turning to our balance sheet. In the second quarter, total assets grew by $3.4 billion, driven by $3.1 billion of loan growth and approximately $220 million of growth in cash, cash equivalents and investment securities. Total company-wide cash at quarter end was $2.7 billion.

On the liability side, total deposits grew by $2.3 billion to $29.5 billion, primarily driven by growth in member deposits. Net interest margin was 5.86% for the quarter, down 15 basis points sequentially. This included a 24-basis point decrease in average yield as we saw a modest mix shift from personal loans to student loans, which was partially offset by an 11-basis point decrease in cost of funds. We continue to expect a healthy net interest margin above 5% for the foreseeable future.

In terms of our regulatory capital ratios, we remain very well capitalized. Our total capital ratio of 14.4% at quarter end remains comfortably above the regulatory minimum of 10.5% as well as our additional internal stress buffer. The quarter-over-quarter change in capital was driven by the strong loan growth during the quarter, and tangible book value grew $194 million sequentially to $5.3 billion. Intangible book value per share at quarter end is $4.72, up from $3.94 a year ago.

Let me now finish by providing our revised outlook for 2025. Given our strong first half of the year, for 2025, we now expect to add over 3 million members, which represents approximately 30% year-over-year growth. We now expect adjusted net revenue of approximately $3.375 billion, above our prior guidance of $3.235 billion to $3.310 billion. This equates to year-over-year growth of approximately 30%, an increase from our prior guide of 24% to 27%. We now expect an adjusted EBITDA of approximately $960 million, above our prior guidance of $875 million to $895 million. This represents a 28% margin. We now expect adjusted net income of approximately $370 million, above our prior guidance of $320 million to $330 million, and adjusted EPS of approximately $0.31, above our prior guidance of $0.27 to $0.28. We now expect growth in tangible book value of approximately $640 million for the year, above our prior guidance of $585 million to $600 million.

Overall, it's been a strong first half of 2025 and we're looking forward to a great second half.

Let's now begin the Q&A.

QUESTIONS:

Operator^ (Operator Instructions) Our first question today comes from John Hecht from Jefferies.

John Hecht^ Congratulations on another good quarter, guys. I'm just -- maybe a broad question about guidance. You've given full year guidance, but I'm wondering if there's anything you could share about the cadence from the third and the fourth quarter, maybe all the way to the segment level, if there's any changes there in terms of the contribution? Then you've given medium-term guidance. I'm wondering maybe you can give an update on that or your confidence around achieving that?

Chris Lapointe^ Yes. So overall, we're really pleased to be able to raise our 2025 guidance. In terms of some of the segment-level specifics, for Financial Services, what we had previously guided to was 60% to 65% year-over-year growth. We're obviously pacing well above that and we expect that to continue in the back half of the year. For both Tech Platform and Lending, what we had originally guided to was low double-digit to teens year-over-year growth in 2025, and we remain confident in that. Then in aggregate, what you should expect is for Q4 to be higher than Q3 across all of our metrics, revenue, EBITDA, net income and EPS.

In terms of our medium-term guidance, what I would say is we feel really good about it. We continue to expect to exceed 25% compounded annual revenue growth from '23 to '26, and we really remain confident in delivering our EPS target of $0.55 to $0.80 in 2026.

What I would say is that the mix of our business continues to change meaningfully and, as such, our outlook for each respective revenue segment is going to change, and we're going to update our outlook when we give our detailed 2026 guidance. But at a high level, our mix and growth expectations are changing given the real-time opportunities that have presented themselves, including faster-than-expected adoption of our LPB business. And what's even more significant than that is participation by LPB investors outside of our credit box.

In addition to that, some of the news that we got on the OCC that certain crypto activities are permissible, and the implications for large banks and their tech decisions based on recent regulatory climate both also impact our outlook.

So suffice it to say these opportunities and dynamics have changed our priorities and how we've allocated resources thus far in 2025 and how we're thinking about allocating resources in the second half of this year and into 2026. So overall, the mix and drivers are likely to change, but we remain even more confident in the aggregate outlook of 25% or more of compounded annual revenue growth from '23 to '26 and EPS in the range of $0.55 to $0.80 in '26.

Anthony Noto^ And John, I would just add, we feel great about the business. It's operating in all cylinders. The results show that, our outlook shows that for 2025, I think our biggest challenge beyond 2025, quite frankly, is deciding what not to do. There are more opportunities on the table for us than ever before. It feels like we're just getting started, even though we've been at this for 8 years and delivering good, consistent growth over that time period.

Our goal and prioritization will be to allocate resources to those segments and those businesses that can drive the best compounded growth over decades as opposed to just a couple of years with the overall goal of an ROE that's 20% to 30%. So as Chris mentioned, there's a few things that turned out to be a lot bigger opportunity sooner than we thought, and we're going to allocate resources to those. We hope to be able to allocate resources to everything, but that's unlikely, but feel great about the outlook.

Operator^ The next question comes from Dan Dolev from Mizuho.

Dan Dolev^ Anthony and Chris, so epic results here. Congrats on our end. Can we quickly discuss the Tech Platform and the Chime migration? That's been a topic that we've been getting a lot of questions on. So specifically, is the migration complete? And what is the impact on the overall accounts?

Chris Lapointe^ Sure. I can take that, Dan. So we don't give guidance on Tech Platform accounts. What we have guided to is low double digits to teens revenue growth for the Tech Platform in 2025. And as I just mentioned, that expectation has not changed up until this point. While migration is not complete, we have made really good progress on signing up new partners that are going to contribute in 2026. And the exact give and take of those new partners coming on board and the loss of any existing partners will be firmed up by year-end, and we'll give a new update on guidance for all the in and outs after our Q4 2025 earnings call.

We do anticipate, as we've mentioned previously, having approximately 10 new clients that are going to contribute revenue in Q1 2026 that did not contribute revenue in Q1 of 2025.

Operator^ The next question comes from Andrew Jeffrey of William Blair.

Andrew Jeffrey^ Chris and/or Anthony, whoever wants to take it, can you talk a little bit about the anticipated funding mix going forward? This was a very strong origination quarter obviously across the board, and the Loan Platform Business is ramping really nicely. You also had excellent deposit growth. So I just wonder if you can help us a little bit, recognizing the very high like sort of basically infinite returns on capital from the platform business versus the balance sheet and sort of how you think you're going to use each going forward to sustain your growth?

Anthony Noto^ Yes. Chris and I will tag team. The first thing I'd say is we really want to balance the different business lines to drive an optimized return on equity. We clearly are in a unique spot now on the origination platform where we're not just selling our technology capabilities and originations based on loans that are in our credit box but now outside our credit box for the first time. That's a whole new frontier for us.

And so the opportunity set there really is open-ended because it's capital-light, and capital-light businesses, as you mentioned, drive better ROE. That said, we want to make sure we serve our members well and don't just focus on the absolute percent -- sorry, the percentage of ROE but the absolute dollars as well. And having balance sheet at some of our loans for sale at a later point in time and generating the NIM is also contributing to our profitability and visibility both. So it's a balancing act on both.

I'll turn it to Chris to talk about specific funding mix.

Chris Lapointe^ Yes. In terms of the specific funding mix, what I would say as it relates to deposits, right now we're about 85% to 90% deposit-funded. That's our long-term target. So you could expect deposits to grow roughly in line with loan growth on the balance sheet. The one thing I would add -- and we continue to have ample warehouse capacity as well.

The one thing I would add to what Anthony was saying is we have opened up a new frontier by originating on behalf of others outside of our credit box. In an ideal world and going forward, the plan is to expand even beyond that and include other asset types, like our student loan refinancing in school loans, mortgages, et cetera. So there's ample opportunity, a ton of headroom, and we won't be constrained by the overall growth in deposits.

Operator^ Next question comes from Kyle Peterson from Needham & Co.

Kyle Peterson^ Nice results. Wanted to ask about in the Loan Platform Business, really impressive results this quarter, great to hear about some of the near prime ramp here. I wanted to think about, could we see another leg up in 3Q as some of this near prime stuff continues to ramp? Or is 2Q kind of a pretty good run rate that we should use moving forward? Just want to get a sense of your appetite as to like what the growth opportunity is here versus like what the implied second quarter run rate is.

Chris Lapointe^ Sure. I can take that. So overall, momentum is really strong. We just did $2.4 billion of originations on behalf of others. That was up from $1.6 billion last quarter. We did expand outside of our credit box. What I would say is we aren't guiding specifically to LPB originations in the back half of this year, but we do expect continued growth in momentum in both Q3 and Q4.

Operator^ The next question is from Moshe Orenbuch from TD Securities.

Moshe Orenbuch^ Maybe to kind of follow up on the Loan Platform Business. Could you just talk a little bit about the scope of kind of the partner agreements that you've got? Like how much capacity is there? How long do they last? That type of thing. And maybe just to add on, the comment about loan tokenization, is that to use as a funding vehicle? Or is that a loan sale vehicle or both?

Anthony Noto^ Yes. The first thing I'd say is that the demand for the loan platform business is pretty broad-based and deep. Asset managers have capital that's coming in every day that they need to deploy against adequate ROE. We are very unique in our origination capabilities across the credit spectrum, but also we have great history and reliability and our underwriting capabilities from a technology standpoint, our marketing servicing capabilities and our servicing.

And so those with assets can more easily access originations through our platform than their own or others, and it's also going to be a steady stream of volume given how well capitalized we are and that we are -- we have a bank license. Those things really matter. Some of the other fintech lenders that can participate in these sales and forward flows, they don't have deposit funding. They're not a bank. They have different regulatory regimes covering them. We have the most stringent regulatory regimes and the most visible and stable funding, which factors into this as well, especially when you think about other things like fair lending and disparate treatment.

The other thing I'd say about the Loan Platform Business is that we are not going to be able to serve everyone. We want to pick partners that are focused on the long term, not the near term, so we're trying not to do deals that could be a flash in the pan, gone -- here one day and gone the next. We want durability in our relationships. We've learned that well over the last 8 years from our Technology Platform business that this is very similar to. We want to make an investment in the long-term players that really see the value of our originations and our Technology Platform more broadly.

Chris Lapointe^ Yes. And just a follow on to that, the only thing I would add, just to remind folks of the LPB agreements that we have in place and that we've announced. So we had an initial $2 billion deal with Fortress that started in Q3 2024, and then that deal extended for another $2 billion over the next year, starting in Q3 of 2025. We also announced a $5 billion deal with Blue Owl, which was a 2-year deal starting in Q1 of 2025. Then we also announced a combination deal with Fortress and Edge Focus. That's $1.2 billion over 2 years which started to scale in Q1 of this year.

What's important to note, as Anthony alluded to, is that we have other partnerships with impressive firms, including investment banks and other investment managers that are also representing meaningful value for us today.

Operator^ The next question comes from Peter Christiansen from Citigroup.

Peter Christiansen^ Great results here. Anthony, I was wondering if you could just talk about discretionary spend? You're clearly punching above the incremental margin target for this year. How do you think about spending for the remainder of the year on a discretionary basis towards things like member acquisition? Or is it accelerating certain product development? Then as the Loan Platform Business actually becomes a larger piece of the overall business, do you think SoFi still maintains that 30% incremental margin kind of target?

Anthony Noto^ So I think you're starting to recognize we clearly have a lot of operating leverage in the model and our margins could be well in excess of 30% on the EBITDA line. I've been a student of the evolution of direct-to-consumer technology companies starting back in 1999, and I think it's really critical that we invest for the future. We want to compound 25% revenue growth for decades, not just for a couple of years. So we don't want to underinvest in the business.

In the quarter, if we start to outperform relative to expectations on the revenue line, we're going to have a hard time spending that money back in the quarter. And so if you see us above the 30% incremental EBITDA margin in a quarter, it's because we outperformed relative to what we thought and we couldn't spend the money fast enough. But we are going to make sure that we keep putting $0.70 of every incremental revenue dollar back into the business.

In terms of where we're spending it, the greatest increase in the spending in the back half of the year is in our engineering product and design areas. Specifically, we're investing in some new products that complement the SoFi Money product. We're investing in level one options as it relates to the Invest business. We're investing more and hiring more people in the user experience in Invest. Our Invest business is starting to gain really nice traction and momentum as we continue to see greater awareness of the broad selection we have.

We're really unique. We're the only digital provider that's providing individual stocks without commissions, fractional shares, which I'd note we pioneered, our own SoFi ETFs, one of which is award-winning and outperforming its pure class, quite significantly a symbol -- a share of Foxtrot Yankee. We also offer IPOs. We're currently offering the Figma IPO. We also have robo accounts that have been award winning. We've introduced private investing through our partnership with Templum, We had an offering with SpaceX recently as well as a couple of others and more to come.

Then alternative assets were launched a year ago. And within alternative assets, we're providing opportunities to invest in venture capital funds, venture fund to funds, private credit, private real estate, private long-short -- I'm sorry, public long-short hedge funds in addition to private growth equity.

So the Invest business is getting incremental investment as well. In addition to that, we're hiring significantly in crypto to relaunch buy, sell and hold by the end of the year. We'd like to also introduce a stablecoin.

We're really happy that The Genius Act was passed into a bill. It's going to take about 12 months to 18 months for all the different regulatory bodies to come out with rulemaking as it relates to The Genius Act. So all those potential competitors in stablecoin, they won't be able to really apply and get a license approved by the OCC until the back end of that time period. Because we are already a bank and because the OCC put out an interpretive letter that allows and it's permissible for stablecoins at banks to be launched, we can launch sooner than other people. We want to be very thoughtful about how we launched that product and what -- how it's differentiated in the marketplace so we're not going to rush to get there, but we definitely have a head start because we already have the bank license.

So we've allocated a lot of capital to crypto. In addition to that, we're spending a lot incrementally on AI. It's a great efficiency driver. We're right now investing in things like account takeover and getting resolution of those in a very short period of time, as well as dispute resolution. We mentioned Cash Coach on the call. In addition to that, we're using AI to file SAR, suspicious activity reports.

So it's a significant amount of incremental investment. It's going to drive growth in years to come, not in quarters to come. But in the near term, we're able to also invest in marketing and to keep the really strong member growth that's driving product growth that then is driving revenue growth.

Operator^ The next question comes from [Kyle Joseph] from Stephens.

Kyle Joseph^ Just wanted to -- taking a look at the Lending segment. I know it's hard to do in isolation these days, but you had strong growth in [ANR] and then the contribution margin profit had been fairly stable. Obviously there are some things in that business that you can't control like interest rates. But with the success of the home equity product you guys talked about and some of the student lending -- or some of the changes on the student lending side of the business, just how are you thinking about kind of growth opportunities and profit margins in that segment?

Anthony Noto^ Yes. I'd say the margins in that segment will -- in the Lending segment will stay fairly consistent. It's a business that we have great visibility on. It's a business we own the technology sort of end to end, with some partner additional overlays in there. So we feel great about the business. Our home equity business, we didn't have a year ago. It's obviously benefiting from rates being high, and that is really closing down the mortgage refinancing market and making the purchase market more difficult. So people are taking out home equity loans to do remodels instead of purchases.

We've never been in a position that we're in right now as it relates to home loans more broadly. What do I mean by that? We have a team that's fully staffed. We have an end-to-end operation that we can control from the front end to the back end, and we are ready and poised and able to capture the opportunity when rates come down. I couldn't be more excited about what will happen in the home loan business as rates come down given the capacity we have and the technology advances we have and the leadership of our team there. So if we're doing quite well in this high rate environment, it will only be magnitudes better when rates come down.

Then as it relates to the student loan business, we are seeing a pickup in student loan refinancing. It feels like a light has gone on in the last month or so. We've seen a pickup in the amount of refinancing and the interest in the product overall. I'd like to remind everybody that was our first and biggest business. It's now smaller than our LPB business, which tells you our diversification strategy moving towards fee-based revenue and capital-light revenue is really working. But it's still going to contribute, and we're excited about what we're seeing and the underlying trends there for the first time in a while.

Operator^ Our final question today comes from Reggie Smith at JPMorgan.

Reginald Smith^ Lots to talk about here. But I was curious, you mentioned all the investment in your Invest segment. Where are you guys on your monetization journey for that product? I know you attract different users than Robinhood, but just curious what the unit economics look like there today and kind of longer term.

Then I guess more broadly, and I don't expect you to give me the actual KPI figures, but how do you guys manage or look at that business from a KPI perspective? I'm not sure if assets under management is an important factor, engagement, like what are the KPIs you look at internally to assess that business?

Anthony Noto^ Thank you, Reggie. We're excited about the invest business. The monetization is slowly starting to improve as we get more assets, we drive more monetization through a number of back-end revenue streams, as we do IPOs and we get greater AUM into products like our robo product as well as the private alternative asset investments and private companies. They all have revenue generation that are integrated into the product experience. Obviously we don't charge commissions on single stocks or fractional shares and some of our ETFs are also without fees.

But we are seeing a nice pickup in monetization there. We are profitable on a variable profit basis in the Investbusiness, but the variable profit dollars is not greater than the fixed costs. So we're not contribution profit-positive yet but we'll get there in the very short order. Our goal there is to continue to give the best selection, the best service and the best information and we'll continue to roll out new products. Level one options will be a revenue contributor that -- because it's a really well monetized product.

In addition to that, we haven't really focused on margin lending. It's a secured form of lending. Our rate there is sort of off market. We need to bring it down and make it more attractive, which we have plans to do. This product also benefits significantly from members coming into SoFi someplace else and then cross-buying in to Invest. But we're going to spend even more marketing dollars on acquiring Invest-first members as opposed to just cross-bought members.

So there's a lot of upside in the business. We don't talk about international that frequently, but we do have an invest business in Hong Kong and they just received approval for cryptocurrency offering in Hong Kong. So we're excited about that opportunity as well. So we'll continue to invest in acquisition organically and driving the cross-buy in addition to improved monetization in that product and that service.

Then let's add on top of that cryptocurrency, which is a great monetization vehicle as well. And so you could see our monetization start to approach industry standards. We're about 50% of the benchmark. But all the things I just mentioned will improve the monetization quite meaningfully and get us to where everyone else is.

In terms of the metrics we focus on, we focus on total number of products within Invest. We look at the different mix of products within Invest. What are the first -- what of the members in Invest that are first to SoFi versus cross-bought? We obviously look at AUM and net flows, and all those metrics have been really positive.

Operator^ At this time, I would like to turn the call back to Anthony.

Anthony Noto^ Great. With that [ph] -- thank you, Operator. Thank you, all for joining today. I'm going to spend probably two to three minutes on a closing a little bit longer than we normally have done. We're really excited about something that we rolled out at our company recently as we think about trying to become the best culture in the world.

I've talked about publicly since I got here nearly 8 years ago that we want to have the best culture in the world. And that may sound like hyperbole, but it's not when you really think about the critical success factors to having the best culture in the world. It really comes down to leadership, alignment and accountability. It doesn't require capital. It doesn't require IP. It doesn't require big capabilities or licenses. It requires leadership, alignment and accountability. And we are sticking to that goal regardless of how audacious it may sound, because we think those three things we can control and do them better than anyone else.

I could not be more excited about our future. We're more proud of our team. I'm really excited about rolling out publicly the SoFi Way, which will be available in social media after the call. But let me spend a few minutes talking about it.

Over the last 8 years, we have always charted our own course not just a technology company, not just a bank, but a team that stayed true to our mission, our members, our strategy and our core values despite the changes in what's most popular for the day. Redefining an entire industry wasn't bound to be easy work and it's not for the faint of heart. It takes a certain group of people with diverse perspectives and expertise but with a common sense of purpose, willing to challenge assumptions but to always do the right thing, proving that innovation and responsibility don't have to compete but can combine to create something truly unconventional in the world. That's the SoFi Way.

And now more than ever we're doubling down on our culture and on the behaviors that make SoFi what it is so we can serve our members and clients better than ever before. First, we must all act as founders. Great companies are often born from great founders with a bold vision and tenacity for making it succeed. But when everyone in the organization has the same mentality as the person who started it, that's a secret weapon. At SoFi, we all act as founders of the business, acting with urgency, doing the right thing, always taking ownership, making our footprint bigger than our foot.

We all act as problem solvers. It doesn't take too long to realize that running after problems is in SoFi's DNA. That's because we're doing something that's never been done before. So we iterate, learn and innovate to fix what's broken for our members, clients and colleagues. We want to understand how things work, to get to the truth with all the right data and perspectives and to iterate, learn and improve on everything we do. We take pride in being gritty, liking hard challenges, setting ambitious goals and taking accountability for results.

And we all act as partners. It all starts with our members and clients. We obsess over their needs and helping them realize their ambitions. We seek to win on their behalf together as missionaries for SoFi. It's why we take care of each other, especially those in the front line who are closest to those we serve. We embrace our differences and help each other grow, and we never forget to smile.

Thank you for your interest in SoFi. Thank you for your support. Fresh horses we ride.

Operator^ This concludes today's call. Thank you very much for your attendance. You may now disconnect your lines.