



COVERED AGENTS PROTOCOL

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# Quarterly Investor Report

Q3 2026

**\$337.89M**

TOTAL VALUE LOCKED

**\$57.36M**

LOANS OUTSTANDING

**5.38%**

NET APY (STCUSD)

**\$0**

LOSSES TO LENDERS

All onchain figures in this report are independently verifiable. Verification links: Appendix, page 7.

*Prepared by Cap Labs for investors of Cap. Contains forward-looking statements; see Disclosures, page 7.*

# 1 Letter to Investors

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Dear Investors,

Q3 was the quarter in which Cap's underwriting model reached product-market fit. Holders of BTC and other digital assets increasingly came to Cap not to borrow against those assets but to underwrite with them, earning dollar yield by standing behind real-world dollar loans. Our facility with Flow Traders, underwritten through Lombard, showed this working at institutional scale. Not every part of the business kept pace, and we set out below where we fell short.

Cap ended the quarter with \$337.9 million in total value locked, up 24% from \$272.2 million. Loans outstanding rose 28% to \$57.4 million, underwriter premiums rose 38%, and stcUSD delivered a 5.38% net APY for the quarter, 108 basis points above the average of sUSD, sUSDs and syrupUSDC and ahead of our 5.0% target. cUSD deposits ended the quarter at \$66.8 million, and losses to lenders remain zero.

We also began diversifying the loan book and raising its quality. Facilities in which a borrower posted its own collateral, in effect borrowing against its own assets, were reduced during the quarter. In their place came credit where an independent underwriter takes the first loss on a separate borrower, the structure Cap was built for.

Flow Traders × Lombard is the clearest example. Lombard's Bitcoin Earn vault underwrote Flow Traders' facility with 582 LBTC as first-loss collateral. Flow Traders drew \$29.5 million during the quarter, making it the largest loan on Cap.

The same structure extends well beyond trading firms. Most real-world borrowers hold collateral that is hard for lenders to see or value, such as receivables, tax credits, equipment and inventory. On Cap, an underwriter who understands that collateral converts the borrower's offchain risk into onchain collateral anyone can verify, such as BTC. Underwriters gain exposure to real-world dollar loans and earn a spread for that conversion. As we set out in our [keynote](#) at Token2049 Singapore, our pipeline now includes AI, robotics, media and manufacturing borrowers. Our first firm [tax-credit facility](#) has been set up, and this is just the beginning.

There is more to do. The increase in underwriter collateral came largely from higher BTC and ETH prices, deposit growth was slower than we planned, and several Q3 targets carry into Q4, as the scorecard in section 4 sets out. Q3 showed that the model works at institutional size. Our task now is to repeat it across more borrowers, more underwriters and more industries.

We have a lot ahead in Q4. We are proud to announce Cap V2, which further improves how credit is underwritten onchain. Our priorities for the quarter are to complete the V2 audits and prepare for launch, to convert our real-world pipeline into live facilities, and to diversify both sides of the balance sheet.

Thank you for your continued support.

Cap Labs

## 2 Quarter Dashboard

All figures as of September 30, 2026 (quarter-end snapshot) unless noted. Conventions: USD; QoQ = quarter over quarter.

| METRIC                              | Q3 2026   | Q2 2026   | Δ QoQ    | NOTE                                     |
|-------------------------------------|-----------|-----------|----------|------------------------------------------|
| SCALE                               |           |           |          |                                          |
| Total value locked (TVL)            | \$337.89M | \$272.17M | +24.15%  | USD + Underwriter escrow                 |
| USD deposits (cUSD)                 | \$66.84M  | \$66.40M  | +0.66%   | Stablecoins                              |
| Guarantee collateral                | \$271.04M | \$205.80M | +31.70%  | Underwriter escrow; up on BTC/ETH prices |
| LENDING                             |           |           |          |                                          |
| Loans outstanding                   | \$57.36M  | \$44.65M  | +28.47%  | \$40.4M borrowed, \$28.7M repaid         |
| Active borrowers                    | 15        | 16        | -6.25%   |                                          |
| Active underwriters                 | 15        | 16        | -6.25%   |                                          |
| FEES                                |           |           |          |                                          |
| cUSD interest distributed           | \$1.03M   | \$1.08M   | -4.42%   |                                          |
| Underwriter premiums                | \$246.75K | \$178.49K | +38.24%  | 42% from Flow Traders facility           |
| Minting fees                        | \$15,154  | \$9,210   | +64.54%  |                                          |
| YIELD & QUALITY                     |           |           |          |                                          |
| stcUSD net APY (quarter mean)       | 5.38%     | 5.36%     | +0.34%   | vs. peer mean 4.30% <sup>1</sup>         |
| Non-farming deposits                | 100%      | 96.84%    | +3.26%   | Incentive programs ended                 |
| RISK & CAPITAL                      |           |           |          |                                          |
| Coverage ratio                      | 4.73x     | 4.61x     | +2.52%   | Collateral ÷ loans                       |
| Losses to underwriters (cumulative) | \$0       | \$0       | -        | Since inception                          |
| MARKET DATA                         |           |           |          |                                          |
| Price                               | \$0.0693  | \$0.0234  | +196.05% |                                          |
| Circulating Market Cap              | \$108.05M | \$36.59M  | +195.30% |                                          |
| Fully Diluted Market Cap            | \$692.75M | \$234M    | +196.05% |                                          |

Sources and onchain verification: Appendix A.

<sup>1</sup> Peer mean: avg. of Q3 mean APYs — sUSDe (Ethena), sUSDS (Sky), syrupUSDC (Maple) on Ethereum. Source: DefiLlama.

## 3 Quarter in Review

### HIGHLIGHTS

#### 1. Real-World Credit: Diversifying the Loan Book

Cap's loan book moved toward third-party credit in Q3. Self-borrow facilities, where a borrower posts its own collateral, were repaid, and new lending went to borrowers backed by independent underwriters.

In July, Lombard launched its [Bitcoin Onchain Credit Strategy](#) with Flow Traders as the first borrower and Cap running the underwriting. Over the quarter, 582 LBTC (about \$48.8M) was committed as first-loss collateral, and Flow Traders drew \$29.5M, making its facility Cap's largest and the source of 42% of the quarter's underwriter premiums.

At Token2049 Singapore, our keynote set out Cap's plan to bring real-world businesses onchain. The model works in any industry: an underwriter who understands a borrower's offchain collateral backs the loan with collateral lenders can verify onchain, and in return gains exposure to real-world dollar loans. Our first film financing, a tax-credit facility for The Wake, has been set up onchain. Our pipeline now includes robotics and manufacturing borrowers, and more sophisticated underwriters are being onboarded.

#### 2. Neobanks and Fintechs: More Platforms Depositing

Cap continued to grow distribution through neobank and fintech platforms that offer stcUSD yield to their own users. In Q3, Lido and Ether.fi began depositing alongside Brookwell/Blend, and their combined stcUSD deposits grew from near zero to \$36M during the quarter. Integrations with blue-chip names like these strengthen Cap's position as a trusted source of USD yield.

#### 3. Cap V2

This report is the first announcement of Cap V2, a major upgrade to how credit is priced and underwritten:

- Fixed-rate loans alongside floating-rate credit
- More expressive underwriting
- A simpler, much cleaner codebase

#### 4. Security Measures

We are adding a canceller multisig to Cap's upgrade process. The new multisig, whose signers include protocols that integrate with Cap, can delay or cancel a queued change it judges to be a material risk.

We are also rotating the cUSD reserve's idle liquidity into Ondo's tokenized U.S. Treasury fund, so cash that is not lent to borrowers earns Treasury yield while remaining available for redemptions.

### YIELD COMPARISON

In Q3, stcUSD generated a mean net APY of 5.38%, 108 basis points above the 4.30% average of sUSDe, sUSDS and syrupUSDC and 147 basis points above 13-week Treasury bills.

| Pool                               | Q2 mean APY | Q3 mean APY | Mean Δ%  |
|------------------------------------|-------------|-------------|----------|
| stcUSD (Cap)                       | 5.36%       | 5.38%       | ▲ 0.34%  |
| sUSDe (Ethena)                     | 3.95%       | 4.37%       | ▲ 10.71% |
| sUSDS (Sky)                        | 3.65%       | 3.56%       | ▼ 2.46%  |
| syrupUSDC (Maple)                  | 4.75%       | 4.96%       | ▲ 4.62%  |
| Short-term T-bill rates (13 weeks) | 3.72%       | 3.91%       | ▲ 5.15%  |

*Quarterly mean of daily pool APY. Each pool has 91 tracked days in Q2 and 92 in Q3. Source: DefiLlama. T-bills: mean of weekly 13-week auction investment rates, TFTC.*

## ONCHAIN FLOWS

Q3 flows by type. New deposits offset exits, leaving deposits level, and loans grew. Most of the underwriter collateral withdrawn belonged to self-borrow facilities, where a borrower had posted its own collateral; as those loans were repaid, the loan book moved toward credit backed by independent underwriters. Collateral value still rose with BTC and ETH prices.

| FLOW                                       | IN       | OUT      | NET      | WHAT DROVE IT                                                           |
|--------------------------------------------|----------|----------|----------|-------------------------------------------------------------------------|
| USD deposits                               | \$142.0M | \$141.5M | +\$0.4M  | Ether.fi, Lido and a stcUSD lending market added deposits               |
| Loans (drawn / repaid)                     | \$40.4M  | \$28.7M  | +\$11.7M | Flow Traders drew \$29.5M; self-borrow facilities repaid                |
| Underwriter collateral (added / withdrawn) | \$56.8M  | \$90.5M  | -\$33.7M | LBTC added for Flow Traders; uniBTC withdrawn after its loan was repaid |

Onchain totals from July 1 to the quarter-end snapshot used in the dashboard. Collateral is valued at prices on the day of each change. Loan figures exclude accrued interest. Source: Cap contract events; DefiLlama.

## DEPOSITOR & BORROWER CONCENTRATION

| METRIC                                 | Q3 2026 | Q2 2026 | Δ QoQ     | NOTE                             |
|----------------------------------------|---------|---------|-----------|----------------------------------|
| DEPOSITORS                             |         |         |           |                                  |
| Largest holder share                   | 35.5%   | 54.2%   | -18.7 pts | Ether.fi Liquid ETH (Q2: Morpho) |
| Holding addresses                      | 292     | 302     | -3.31%    |                                  |
| BORROWERS                              |         |         |           |                                  |
| Largest borrower share                 | 49.4%   | 38.5%   | +10.9 pts | Flow Traders facility            |
| UNDERWRITER COLLATERAL                 |         |         |           |                                  |
| Largest asset share (by loan coverage) | 33.7%   | 55.9%   | -22.2 pts | LBTC (Q2: uniBTC)                |

Depositors became less concentrated and now come through more types of channels, whereas Q2 was dominated by one looping market.

Collateral backing active loans became more diversified: no single asset covers more than about a third of it, down from uniBTC's majority share in Q2.

## 4 Goals Scorecard

### Q3 2026 GOALS — RESULTS

| # | Q3 Goals                                                 | Result                                                                                  | Status        |
|---|----------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------|
| 1 | Grow underwriter capital to $\geq$ \$350M (from \$200M)  | \$271.0M at the end of Q3; the increase came from higher BTC and ETH prices             | ✗ Not met     |
| 2 | Grow deployed credit $\geq$ \$100M (from \$42M)          | \$57.4M at the end of Q3                                                                | ✗ Not met     |
| 3 | Onboard new underwriting assets and borrower categories  | LBTC facility for Flow Traders; BGBTC collateral registered; first film facility set up | ◉ In progress |
| 4 | Hold stcUSD net APY $\geq$ 5.0% quarterly average        | 5.38% quarterly mean                                                                    | ✓ Met         |
| 5 | Grow TVL to $\geq$ \$500M (from \$272M)                  | \$337.9M at the end of Q3 (+24% QoQ)                                                    | ✗ Not met     |
| 6 | Complete audit and launch Cap V2                         | Audits began Sep 15 (Sherlock); yAudit and ChainSecurity follow                         | ◉ In progress |
| 7 | Migrate idle-asset reserves to tokenized T-bill products | WTGXX redeemed Sep 23; idle reserves rotating to Ondo                                   | ◉ In progress |
| 8 | Complete SEAL certification onboarding                   | Not completed in Q3                                                                     | ✗ Not met     |

### Q4 2026 OKRs

Crypto prices recovered through Q3, lifting collateral values, but deposits and deployed credit still trailed our targets. The targets below focus on what we control: launching V2, lending to real-world businesses and growing durable deposits.

#### Objective: Cap V2

- KR1: Complete the Sherlock, yAudit and ChainSecurity audits
- KR2: Launch Cap V2

#### Objective: Lend to real-world businesses

- KR1: Grow deployed credit to  $\geq$ \$100M
- KR2: Bring facilities live in three different industries

#### Objective: Grow durable deposits

- KR1: Grow cUSD deposits to  $\geq$ \$150M
- KR2: Hold stcUSD net APY  $\geq$ 5.0%

## 5 Asks & Appendix

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### ASKS

[●] Introductions: Neobanks and fintechs, insurance companies and specialist underwriters (film, hardware, robotics), AI and robotics businesses seeking credit

[●] New Hire Candidates: Marketing Lead, Head of Sales (US)

### APPENDIX A — VERIFICATION & SOURCES

Live protocol data: [Dune Dashboard](#) · [DefiLlama](#) · [Prior reports](#)

Onchain snapshot: Ethereum block 26,093,738 (Oct 1, 2026 00:00 UTC). TVL, deposits, collateral and loans follow Cap's internal accounting for both quarters.

Contracts: cUSD 0xcCcc62962d17b8914c62D74FfB843d73B2a3cccC · stcUSD 0x88887bE419578051FF9F4eb6C858A951921D8888 · Lender 0x15622c3dbbc5614E6DFa9446603c1779647f01FC · Delegation 0xF3E3Eae671000612CE3Fd15e1019154C1a4d693F

Yield and market data: [DefiLlama Yields](#) · T-bills: [TFTC](#) · Flow Traders × Lombard: [The Block](#)

### DISCLOSURES

This report contains forward-looking statements, including goals, targets, and outlook; actual results may differ materially. Figures are unaudited unless otherwise stated. Nothing herein is an offer to sell or a solicitation to buy any security or token. Historical yield is not a guarantee of future performance.

**Resources:** [Website](#) | [X/Twitter](#) | [Docs](#)