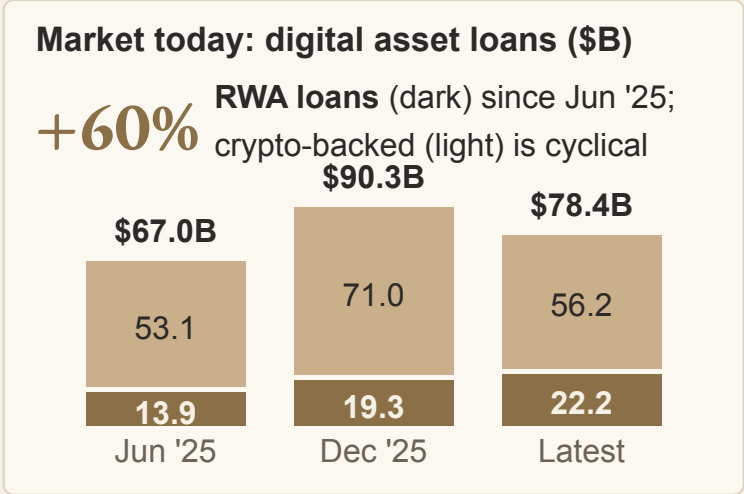


01 · WHAT IS DIGITAL ASSET LENDING?

Digital asset lending is a ~\$75B+ market, with real-world assets driving growth

Definition. Smart contracts (code) execute over-collateralized loans on digital ledger technology. Borrowers post collateral, the contract locks it, tracks its value in real time and disburses digital asset loans automatically within loan-to-value (LTV) limits.

- 1 **Lock and monitor.** Collateral is locked in a smart contract; real-time pricing feeds continuously recalculate asset valuations and monitor LTV ratios.
- 2 **Disburse and settle.** Funds are distributed based on the value of collateral locked. Loans remain active while LTV is within limits. Borrowers can settle anytime.
- 3 **Manage risk.** Riskier collateral gets a bigger haircut; automatic liquidations when LTV falls below a set threshold and bots auction the collateral in minutes.



Dimension	Traditional	Digital Assets
Time to fund	Days to weeks	Seconds to minutes
Monitoring	Periodic appraisal	Continuous
Settlement	Batch, business hours	Near-instant, 24/7
Risk action	Manual review	Automatic at set LTV

Participant	Main risk
Borrower	Liquidation if collateral price drops
Supplier (lender)	Lock-up at high utilization; exploits
Protocol treasury	Bad debt if liquidations fail

Protocol risk controls: over-collateralization and haircuts, isolated markets, and security audits
For a bank: continuous collateral visibility, automated triggers, near-instant settlement and dynamic collateral mobility

Digital asset lending models have been proven with institutional adoption

	Liquidity pools	Credit-based	Tokenized Real-World Asset (RWA)
How it works	Pooled capital, algorithmic rates	Underwritten term loans, covenants	Ledger and accounting recorded on-chain
Strengths	Proven scale; 24/7; isolated vaults	Known borrowers; less collateral	KYC/AML fit; real-asset collateral
Weaknesses	Anonymous, uninsured, capital-heavy	Relies on off-chain, manual evaluations	Legal and custody overhead
Fit for the bank	Not a fit without KYC-gated access	Institutional; limited consumer use	Model for regulated consumer lending

Top Lending Protocols ■ Active loans ■ Available capital

Liquidity Pool Protocols	Total Value Locked	
Aave	\$13.1B	\$19.3B
Morpho	\$5.6B	\$11.0B
Spark	\$2.8B	\$5.6B
Compound	\$0.7B	\$1.6B
Euler	\$0.4B	\$0.4B
Credit-based and RWA Protocols, enlarged 4×	Total (loans + TVL)	
Maple	\$1.8B	\$4.8B
Figure	\$0.6B	\$0.8B
Cap	<\$0.1B	\$0.4B

Asset classes on-chain, 2026

Stablecoin bar not to scale		
Stablecoins		~\$296B
Private credit loans		\$22.2B
Tokenized Treasuries		\$16.2B
Gold		~\$4.8B
Stocks		\$2.3B
Real estate		<\$1B
Tokenized deposits	Kinexys >\$5B/day	
Institutional Volume	Citi Token Services ~\$1B/day	

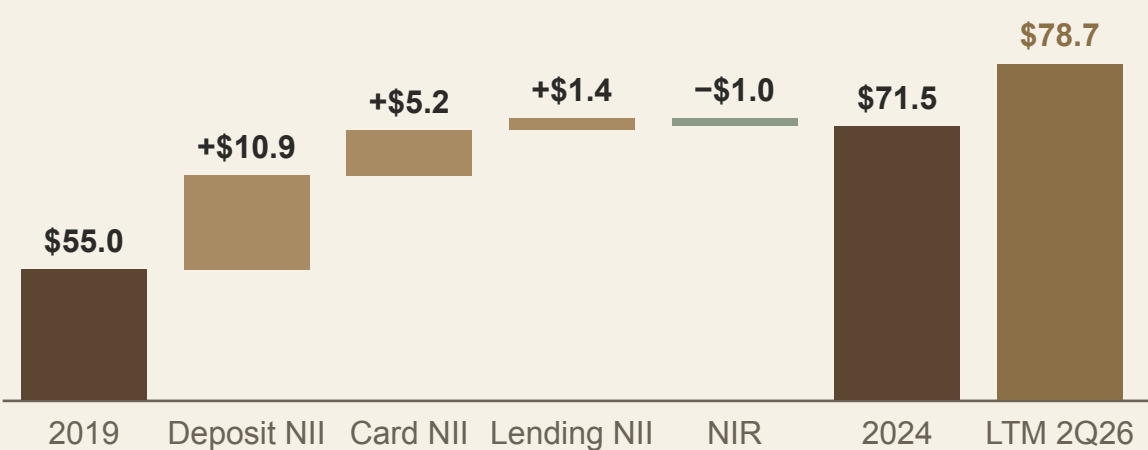
Figure’s \$800M public digital asset pool understates its true footprint. The platform has unlocked \$30B+ in home equity across 382K+ households.

The bank already holds the consumer assets for tokenized collateral

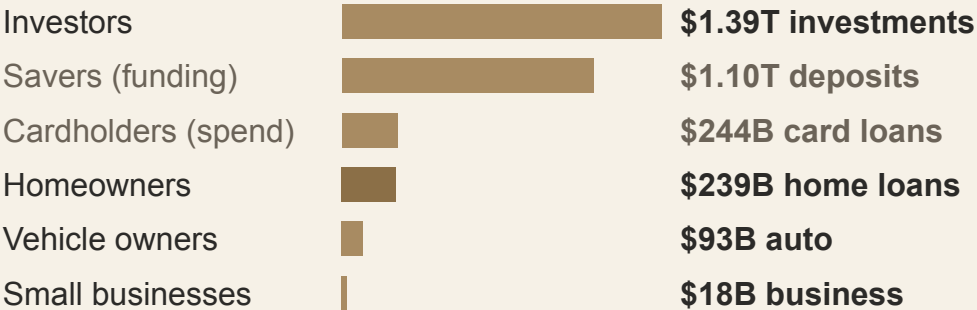
The question: what ecosystem should the consumer bank build on a digital ledger, and which product proves it first?

The vision: assets customers hold with the bank become usable collateral, with loans, card spend and rewards in a single platform.

Consumer bank revenue grew \$16.5B since 2019 (\$B)



Customer balances at the bank, by segment (2Q26)



Target customer: Bank customers who are asset-rich but need liquidity, and would rather borrow than sell what they own.

NII = net interest income; NIR = fee income. Axis starts at \$40B.

Engagement
More products per household; deposits stay

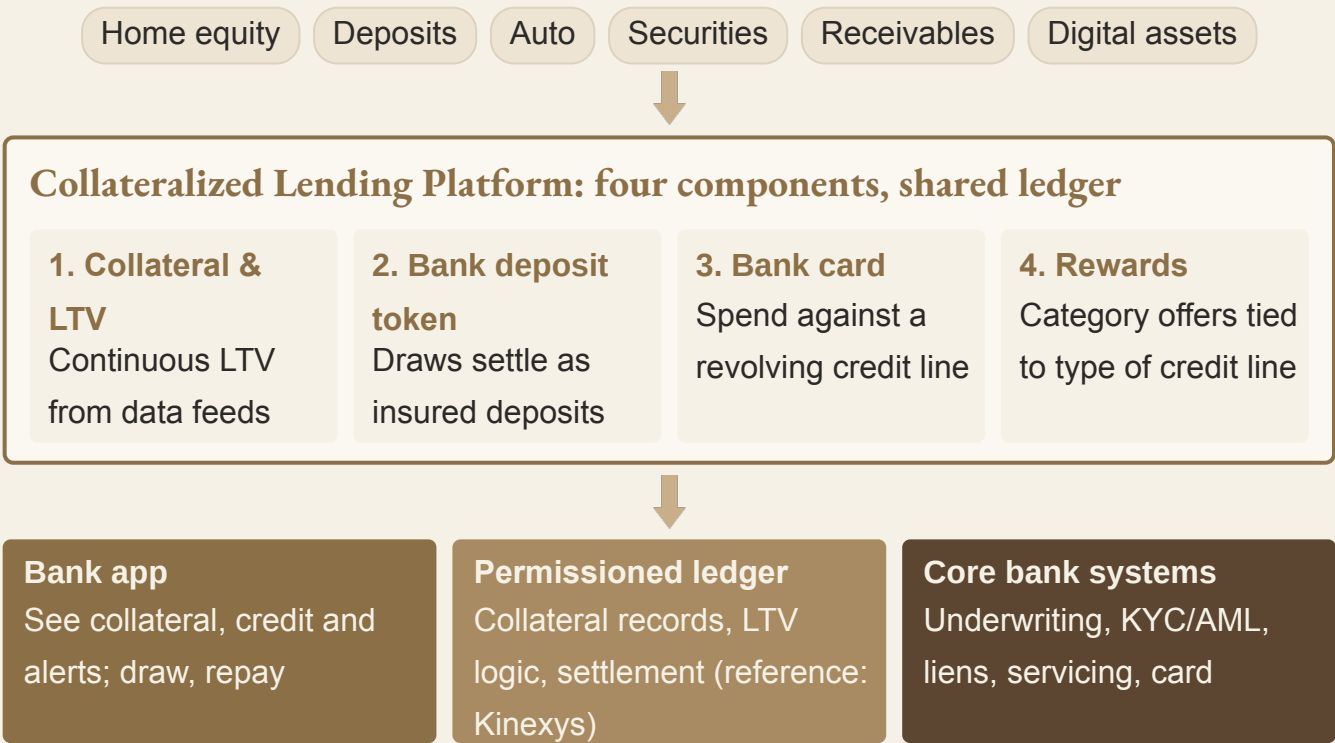
Card attach
Draws flow into card spend and rewards

Cost to serve
Automated monitoring, draws, reconciliation

Managed risk
Account-level action on asset-backed accounts

Balance sheet
Tokenized loans finance and securitize faster

One digital lending platform for asset-backed lines of credit



Secured lending is the safest consumer book

Net charge-off rate, 2Q26



Home Lending runs at a **net recovery**. At an 80% max loan-to-value, a home must lose over 20% of its value before the loan is under-secured.

Why a ledger, not a database: 24/7 settlement in deposit tokens with Visa or Mastercard, so draws spend anywhere cards are accepted, while collateral and lending stay on the bank's ledger.

When value falls: LTV alert, customer options, then a line freeze or cut; liquidation is a last resort.

Built-in controls: independent code audits, multi-source valuations, legal ownership and title records, automated reconciliation.

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Digital Asset Lending Case Study

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Sources: charge-off rates, 2Q26 earnings supplement; line freeze rules, Reg Z 12 CFR 1026.40(f)

Home equity is the most ready, and its risks are manageable

First-product readiness for the bank

Favorable

Mixed

Unfavorable

Asset class	Rules clear	Proven model	Customer demand	Collateral held	Collateral stability
Home equity	High	Figure	High	\$239B	High
Deposits	High	Inst. only	Low	\$1.10T	High
Auto	High	Limited	Medium	\$93B	Depreciates
Tokenized securities	Evolving	Partial	Medium	\$1.39T	Medium
SMB receivables	High	Limited	Medium	Limited	Medium
Digital Assets (retail)	Evolving	Non-banks	Crypto users	ETFs only	Low

Key risks and mitigations

Legal title: liens stay in county records; the token is a supplemental record

Consumer and foreclosure law: Reg Z, UDAAP, state foreclosure law unchanged; no auto-liquidation

Valuation: home valuations lag fast markets; multiple sources, conservative LTVs

Smart contracts: code or feed errors; audits, secure key custody (in-house or third-party)

Operations: ledger and core records could diverge; daily reconciliation, core stays the system of record

Partner: dependence on Figure; exit rights; the bank owns the customer and data

Trade-off: HELOC gives up instant liquidation (homes go through state foreclosure) for the clearest rules and lowest losses.

Regulation: CLARITY is stalled with no near-term path; the SEC’s tokenized-stock exemption requires legal ownership, a signal for all tokenized assets; GENIUS governs stablecoins, and deposit tokens remain deposits.

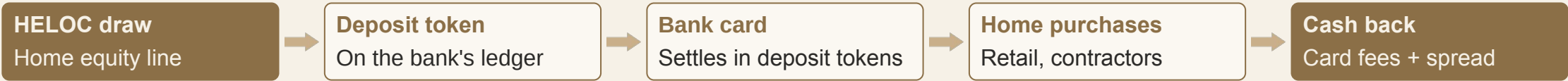
Credit against tokenized deposits is simplest but not a live retail product. **The stronger opening: credit against idle assets customers already own.**

Recommendation: start with a tokenized HELOC

Why HELOC goes first

- ✓ **Proven and conservative.** Figure's platform has unlocked \$30B+ of home equity; The bank stays the lender under existing mortgage and credit rules.
- ✓ **A defense of home equity.** Digital lenders already compete on speed; U.S. HELOC balances are \$459B and have risen 17 straight quarters.
- ✓ **Cannibalization, managed.** Some borrowers will shift from today's HELOC; better to the bank than to Figure. The pilot measures how many are new.
- ✓ **It exercises the whole ecosystem.** One draw touches collateral, deposit token, card spend and rewards; home improvement is a natural card category.

Partnership map		Build	Partner	Invest
Ledger	Bank ledger, pricing and the app			
Capital	Bank balance sheet; bank securitizes			
Origination	Bank HELOC stack & tokenization			
Fast path	License Figure's tokenization stack			
Card settlement	Mastercard first, then Visa			
Rewards	Home retailers and contractors			
Strategic stake	Figure or Aven; strategic investment later			



Phase 1: validate with a contained pilot
Who: rate-locked homeowner customers (sub-4% mortgage, ~half of owners), select states.
Go or stop: advance only if faster and cheaper with no rise in losses; else stop.
Then expand, gate by gate: deposits and auto, then portfolio, SMB, securities.
Partner test: who owns the customer and data, whose ledger, can we exit?

Success metrics

- Time to funds from days to minutes
- Cost to originate and service per loan
- Early-warning lead time; losses flat
- Card attach and deposit retention
- Share of borrowers new to the bank's HELOC