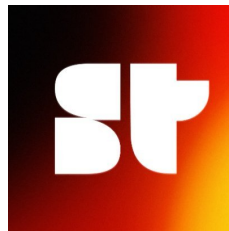


Zodial

Unified Portfolio Lending

Zodial is a first bank that can support any use case by through a unified portfolio-based approach. Unlike traditional isolated market protocols, Zodial enables users to borrow and lend against their entire asset portfolio, unlocking better capital efficiency and enabling sophisticated trading strategies previously impossible in DeFi.

Supported by Solana Superteam



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The Problem with Current DeFi Lending

Despite the \$4 trillion crypto market, DeFi lending captures only approximately \$90bn in total value locked (2% market penetration). This massive gap exists because current lending protocols suffer from fundamental design limitations:

Isolated Markets Create Fragmented Capital

- Users must deposit collateral for each individual borrowing position
- Capital remains siloed across multiple protocols and markets
- Overcollateralization requirements lock up significantly more capital than necessary
- Manual management across multiple positions creates operational complexity

Limited Strategies

- Basic hedging strategies are impossible (only long)
- Cross-market risk management requires multiple platforms
- No unified view of portfolio risk
- Early liquidations due to single-asset exposure

Poor Capital Efficiency

- Low utilization rates result in poor yields for lenders
- Fragmented liquidity across markets reduces overall protocol efficiency
- Current protocols generate \$160M in profit from an average 2.6% commission, indicating significant room for growth

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The Zodial Solution – Unified Portfolio Lending

Zodial replaces isolated markets with a comprehensive portfolio-based risk model.

Users can:

- Borrow and lend against their entire asset stack, not just individual tokens
- Execute complex trading strategies including cross-asset hedging and sector-based positions
- Maximize capital efficiency through unified collateral management
- Diversify risk across multiple asset categories automatically

Key Benefits

For Borrowers:

- Access more capital with the same collateral
- Execute sophisticated trading strategies in a single protocol
- Reduce liquidation risk through portfolio-level risk assessment
- Lower overall borrowing costs

For Lenders:

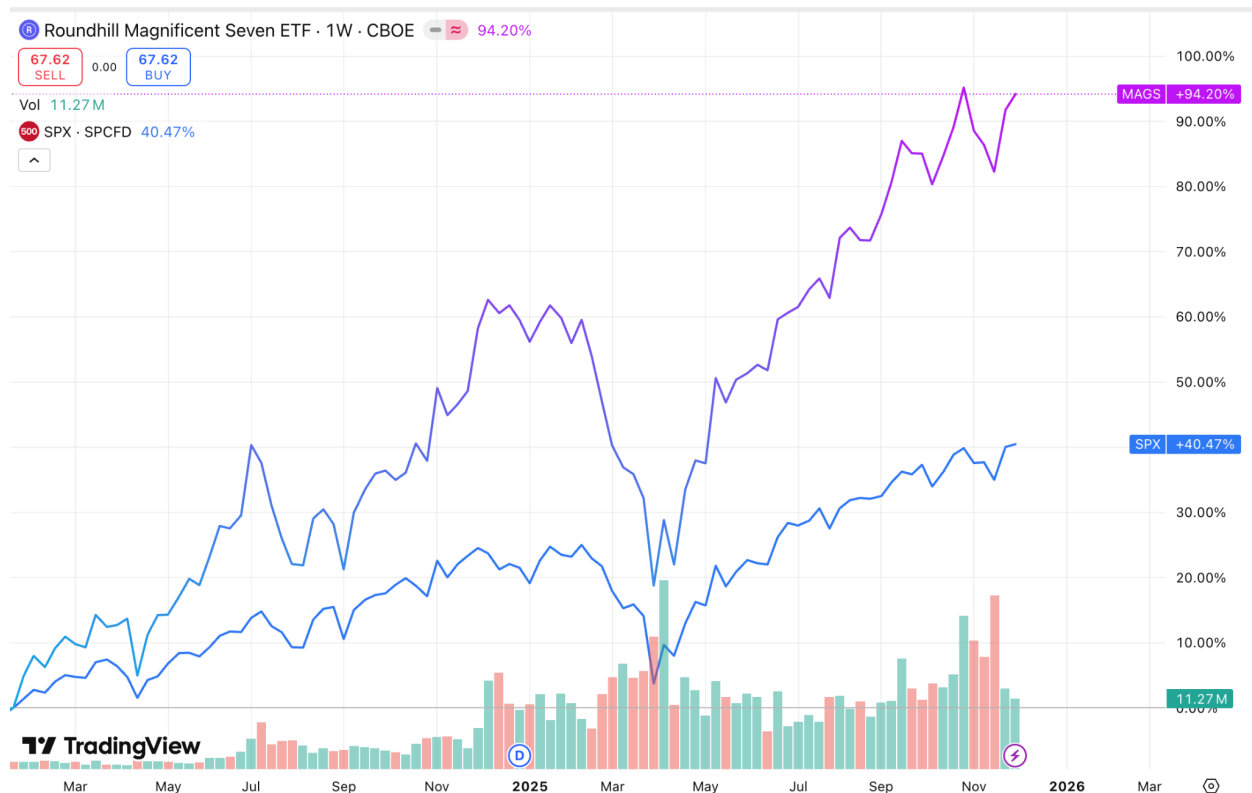
- Higher yields through improved capital utilization
- Better risk diversification across asset classes
- Access to a larger, more liquid market
- Transparent, portfolio-based risk metrics

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Use Cases – limitless.

Short stocks to go long on meme coins. Hedge gold against Bitcoin and create the portfolio of your desires without getting liquidated.

Hedging the 'Magnificent 7' stocks



Betting on the 'Magnificent 7' stocks is straightforward. You could have made over 100% in the last two years with an average LTV of 95%. Borrow and swap back into the Magnificent 7, then deposit to receive an additional 40%. And this was nowhere close to grinding liquid. The best part is that it is diversified. It is also customisable. If you don't like TSLA, you don't need to invest in it.

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A guaranteed rollercoaster is Microstrategy. It will outperform during a bull run, but will collapse under pressure. There is already a lot of speculation, but if all you want is to profit from the underperformance of MSTR, you no longer need to cover your puts and buy options.



In the traditional DeFi lending markets, meme coins are too risky to include in the overall market, but the same rules apply to them as to all other coins. During our risk caution, we set out the parameters so that, in the event of a given pair crashing, there are two 5-minute time slots for

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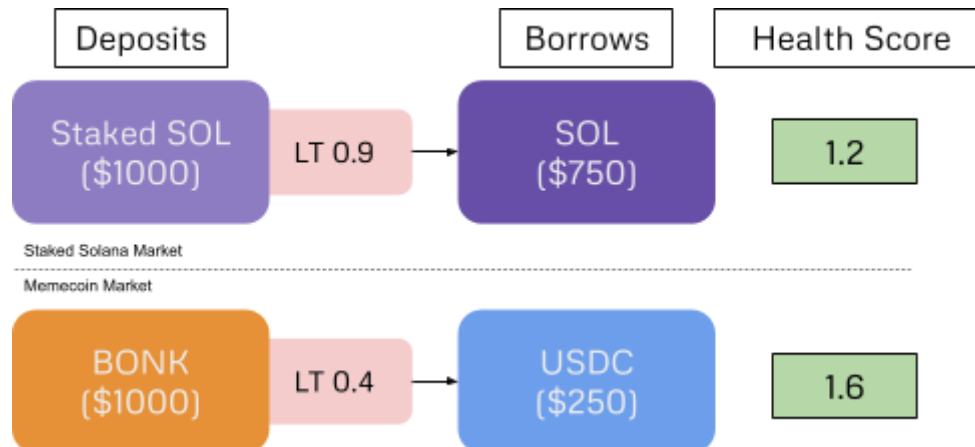
liquidation. While meme coins provide little value for protecting your collateral, we estimate that they are in high demand for shorting as a small part of an overall portfolio. They are far too volatile when isolated against USDC, but the parameters improve when compared to each other or other cryptocurrencies. Therefore, you could long Bitcoin and borrow a group of memecoins to buy more Bitcoin.



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How does it work?

In the risk model used by current lending protocols, the borrowing capacity is determined by the sum of the deposits weighted by asset risk factor.



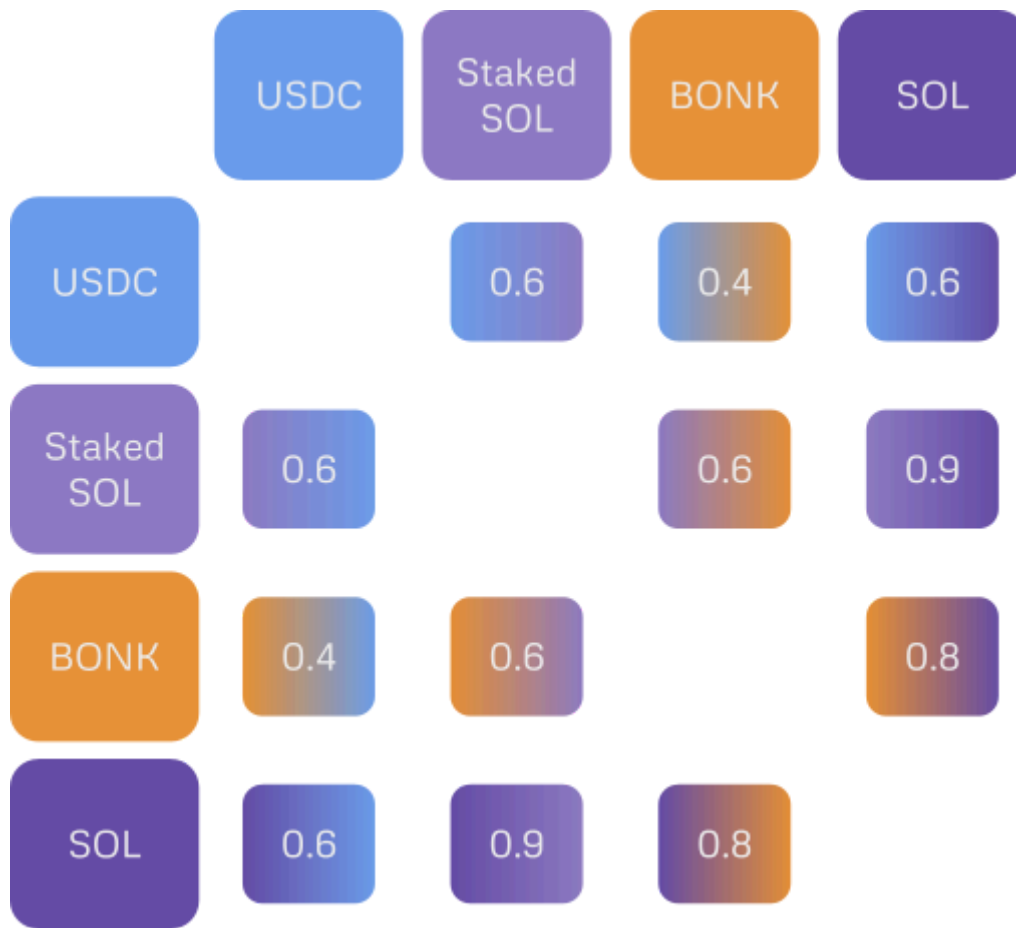
Kamino which is the standard on solana cannot accurately map risk in his main market therefor it needs isolated markets. Each deposit is weighted with a single liquidation threshold, leading directly to the borrowing limit. In the main market this leads to the case that you cannot even give optimal returns on stablecoins since you also have other assets solana might move up when bitcoin moves down. This is also the reason why most RWA stablecoins loops need isolated markets, because a very high ltv for the RWAs leads to problems if someone short solana for example. This approach works for the use case of borrowing stablecoins, but does not adequately cover some other use cases like taking short positions.

For instance, supplying stablecoins and borrowing a volatile token could lead to a situation in which the borrow is falling faster and the risk is only based on the deposit. Due to this limitation, most markets disallow borrowing certain (volatile) assets altogether.

Before an asset is included in parameter generation, it must satisfy strict gating criteria on liquidity threshold and protocol maturity.

To solve this problem, the risk model needs to be upgraded to take these possibilities into account. For this, we employ a volatility matrix that calculates incentives based on historical price volatility between assets, i.e., a **2D risk model**:

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For each eligible asset, the model ingests an **extended minute-level historical price dataset**, aggregated across all relevant trading pairs.

To accurately capture volatility under different market conditions, the model dynamically selects an observation **1/2/4-hour windows**, selection is determined by dex liquidity, and market capitalization. Identifies the **largest observed price divergence**, including stress scenarios. From the maximum observed price differences, the protocol deterministically derives **pair-specific risk parameters**:

Liquidation Penalty: 50% of the maximum price difference (in basis points)

Liquidation Threshold: Equal to the maximum observed price difference

Loan-to-Value (LTV): Set to 98% of the liquidation threshold

With this approach, the protocol can generate a more accurate risk assessment based on both individual price volatility and asset pair correlations. This opens up the possibility of keeping all available assets in a single, shared market which maximises

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their utility and greatly improves the risk rating of closely correlated assets. Also, previously impossible combinations of long/short positions are now feasible.



To validate solvency, the protocol applies a **Maximum Flow algorithm** to determine whether deposits can deterministically cover borrows under the applied thresholds.

Zodials Advantage

Zodial is the first protocol to implement true **unified portfolio risk management**, enabling use cases that no competitor currently supports. Our approach combines holistic capital efficiency risk assessment with dynamic risk parameters based on real-time market conditions, giving users the best achievable utility for their assets.

Conclusion

DeFi lending represents one of crypto's most fundamental use cases, yet it currently captures only 1% of the total market. Zodial's unified portfolio approach solves the core problems holding back adoption: capital inefficiency, limited strategies, and complexity.

By enabling users to leverage their entire portfolio, execute sophisticated hedging strategies, and access capital more efficiently, Zodial is positioned to unlock the remaining 99% of the market and establish DeFi lending as the dominant use case it should be.