

Yield Opportunities

The Bitcoin Dollar Ecosystem

Bitcoin Dollar offers six distinct yield opportunities across one ecosystem. The vaults generate sustainable, organic borrow demand for wBTC and USDC. That demand lets the protocol pay above market rates to lenders and curators across the surface area of the protocol. Two of the six opportunities sit in the bdBTC Vault, which is not yet live.

	bdUSD (Stablecoin Vault)	bdBTC Vault COMING SOON
DEPOSIT	USD Vault ~10 to 12% deposit USDC, receive bdUSD	bdBTC Vault ~8% target yield, not yet live
LEND	Earn BTC yield from bdUSD borrowing demand ~3% Direct: lend wBTC into the sBTCD / wBTC market Managed: deposit wBTC into the Carry Vault	Lend USDC ~5 to 6% lend liquidity for the bdBTC Vault, not yet live
LOOP	Lend to bdUSD market ~6% stablecoin borrow demand	

Target yields. Actual rates depend on market conditions, utilization, and rebalancing parameters.
The bdBTC Vault is in development. Its figures are targets only and no launch date is committed.

How sBTCD Generates Yield

BTCD is a 50/50 collateralized token. Think of its peg as the value of a Uniswap V2 LP position holding equal dollar amounts of wBTC and USDC. sBTCD is the staked, yield bearing version. Stakers earn a pro rata share of all yield generated by the underlying portfolio.

The portfolio generates yield from three independent sources:

1. The rebalancing engine

The BTCD portfolio rebalances within ~1% tolerance bands rather than being continuously arbitrated by the market. We programmatically buy low and sell high as BTC moves, generating a few hundred basis points of profit above the peg annually. Only ~3% of AUM sits in the rebalancing engine at any time.

2. The USD sleeve

~48.5% of AUM is deployed in conservative USD yield strategies: blue chip yield bearing stablecoins (sUSDS, sUSDe and others) producing real protocol revenue yield. All positions auditable on chain.

3. The BTC sleeve

~48.5% of AUM is deployed in conservative BTC yield strategies, primarily Yield Basis ybBTC pools on Curve, producing BTC denominated yield from leveraged Curve LP positions. All positions auditable on chain.

What happens if rebalancing fails?

The 50/50 mandate fails profitably. If BTC drops sharply with our rebalancing engine offline, the portfolio simply holds more USD and less BTC than its target. We avoid trading into the falling asset. Same architecture on the upside: if BTC rallies with the engine offline, we hold more BTC than we should. When systems come back online, we execute the rebalancing trade and end up overcollateralized relative to the peg. The structural failure mode of our rebalancing infrastructure is benign.

The Vault Architecture

The USD Vault and the bdBTC Vault run the same architecture, mirrored for the asset the depositor wants exposure to. Each vault acquires 2× sBTCD collateral against 1× debt in the opposite asset, with the underlying portfolio's BTC/USD split structurally hedging the debt. The USD Vault is live. The bdBTC Vault is in development.

USD Vault

User deposits USDC. Vault atomically mints sBTCD, deposits as collateral on a Morpho market, borrows wBTC at **50% LTV**, and swaps the borrowed wBTC into more sBTCD. Final position: **2× sBTCD long, 1× wBTC short**. The BTC half of the 2× sBTCD cancels the wBTC debt. Net exposure: pure USD, 2× leveraged yield. Receipt token: **bdUSD**. Target yield: **~10 to 12% APY**.

bdBTC Vault COMING SOON

User deposits wBTC. Vault atomically mints sBTCD, deposits as collateral on a Morpho market, borrows USDC at **50% LTV**, and swaps the borrowed USDC into more sBTCD. Final position: **2× sBTCD long, 1× USDC short**. The USD half of the 2× sBTCD cancels the USDC debt. Net exposure: pure BTC, 2× leveraged yield. Receipt token: **bdBTC**. Target yield: **~8% APY**. Not yet live.

Bitcoin Carry Vault

A managed route to the same BTC denominated yield that direct wBTC lenders earn. User deposits wBTC. The vault supplies it into the sBTCD/wBTC market on the depositor's behalf, where the USD Vault is the primary borrower. The depositor holds a single position and does not manage the lending market directly. Target yield: **~3% APY**, paid in BTC.

Why the vaults can pay above market rates

The USD Vault runs a leveraged sBTCD position where the borrow cost is one input to a much larger yield equation, not a basis point arbitrage. The USD Vault earns ~20% gross on its 2× sBTCD position. It can comfortably pay wBTC lenders ~3% (orders of magnitude above the prevailing Aave V3 rate) while still delivering ~10 to 12% net APY to bdUSD depositors. The bdBTC Vault is designed to operate symmetrically. Once live, it targets paying USDC lenders ~5 to 6% while delivering ~8% net BTC denominated yield.

These are not promotional rates. They are the equilibrium rates the strategy can sustainably pay before yield compression begins to hurt the vault's own depositors.

Six Opportunities in Detail

1. Deposit into the USD Vault ~10 to 12% APY

For: capital seeking dollar-denominated yield. Deposit USDC, receive bdUSD. The vault runs a programmatic leveraged sBTCd position with BTC delta hedged out. Withdrawals supported by an instant-redemption buffer sleeve.

2. Lend wBTC to the USD Vault ~3% APY

For: wBTC holders seeking sustainable yield above the single-basis-point range available on Aave V3 (\$2.3B sitting at 0.01%) and curator vaults. Lend into our Morpho market where the USD Vault is the primary borrower. The vault programmatically maintains ~50% LTV against a 77% LLTV, and sBTCd moves at half wBTC's pace by construction. The liquidation scenario from a wBTC lender's perspective requires BTC to rally so aggressively that 50% LTV exceeds 77% LLTV — and BTC has to move twice that amount because sBTCd is only half-beta to BTC, while the vault is rebalancing every block. A BTC crash poses zero risk to lenders: the wBTC debt falls in dollar terms faster than the sBTCd collateral does, moving LTV away from liquidation.

3. Deposit wBTC into the Bitcoin Carry Vault ~3% APY

For: wBTC holders who want the same bdUSD borrowing demand yield as opportunity 2 without managing a lending position. Deposit wBTC and the vault supplies the sBTCd/wBTC market on your behalf. Same collateral, same borrower, same risk profile. One position instead of an active market allocation.

4. Lend to the bdUSD looping market ~6% APY

We've launched a Morpho market that lets bdUSD holders loop their position by borrowing stablecoins against bdUSD as collateral. The economics are straightforward: a 3x loop on bdUSD captures roughly 36% gross on the bdUSD yield engine, leaving ample room to pay stablecoin lenders ~6% while still amplifying the loop's net yield. For stablecoin issuers, this is organic borrow demand for their stablecoin well above the market rate — capable of pulling capital from USDC and USDT competitors without any subsidy or incentive program. Live now: app.morpho.org/ethereum/market/0x746235...4535/bdusd-usdc

5. Deposit into the bdBTC Vault ~8% APY COMING SOON

For: capital seeking BTC denominated yield. Deposit wBTC, receive bdBTC. The vault runs the mirrored architecture: a leveraged sBTCd position with USD delta hedged out. In development. Figures are targets only and no launch date is committed.

6. Lend USDC to the bdBTC Vault ~5 to 6% APY COMING SOON

For: stablecoin curators and treasuries seeking yield above prevailing USDC supply markets. Lend into the Morpho market where the bdBTC Vault will be the primary borrower. Same architecture as the wBTC market: programmatic 50% LTV, sBTCd collateral with structural correlation to the debt, and a ~5 to 6% target rate against curator vault benchmarks in the 4 to 5% range. Opens with the bdBTC Vault.

*The USD Vault, the sBTCd/wBTC market and the bdUSD/USDC market are live today.
The bdBTC Vault and its USDC lending market are in development.*

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