



# ANCHOR

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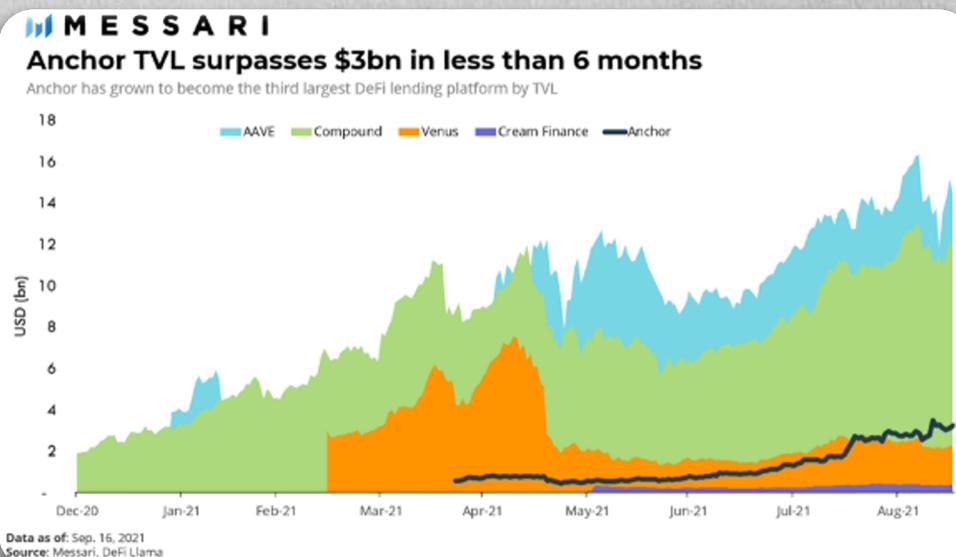
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## INTRODUCTION

“Despite the proliferation of financial products, DeFi has yet to produce a savings product simple and safe enough to gain mass adoption.” Enter Anchor Protocol, which launched on March 17, 2021, it is the newest groundbreaking savings protocol built on the Terra ecosystem. Proposing low-volatile yields of up to 20% on Terra stablecoin deposits UST. The platform connects a lender, looking to earn stable yields on their stablecoins and a borrower, looking to borrow stablecoins on stakeable assets. Users can borrow stablecoins on Anchor by providing collateral of bonded assets (bAssets). Lenders can earn a stable yield by staking rewards from the universal pool of collateral of the bonded assets.

## MARKET

Anchor, a DeFi savings protocol, has a notable metric of \$5.5 billion in total value locked. That metric is split up into a total deposit amount of \$2.1 billion and total collateral of \$3.4 billion. It is rare to witness this type of quick adoption within any other project from other ecosystems. These metrics have propelled Anchor Protocol into the number 1 ranking within the Terra ecosystem.



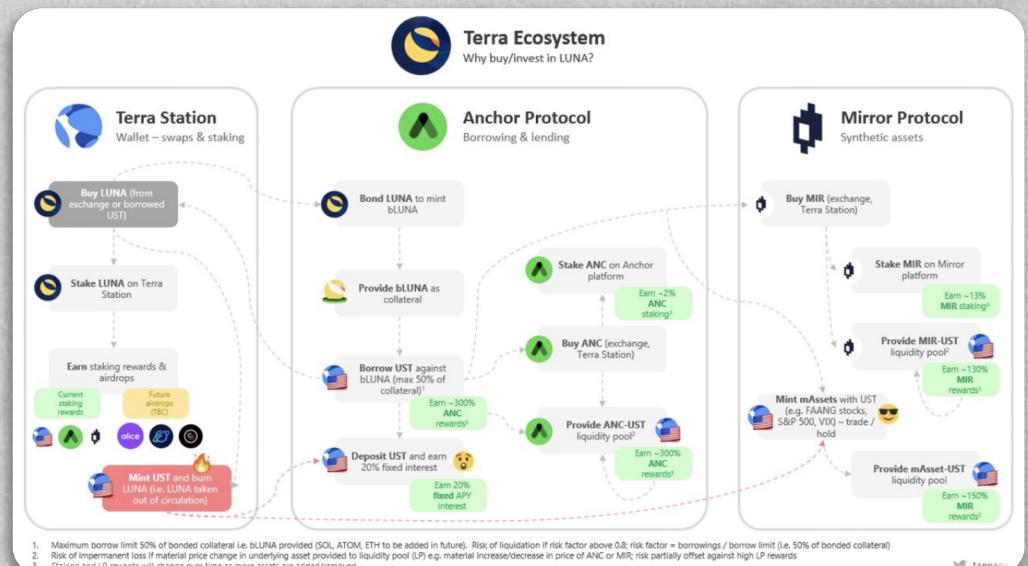
# MARKET

The competition within the DeFi space will be projects that bring easy integration, along with high yields to entice the consumer. The following projects will give Anchor Protocol a good run for its money as the adoption in this space continues: Pylon Protocol, Astroport, Valkrye Protocol, Starterra, Orion Money.



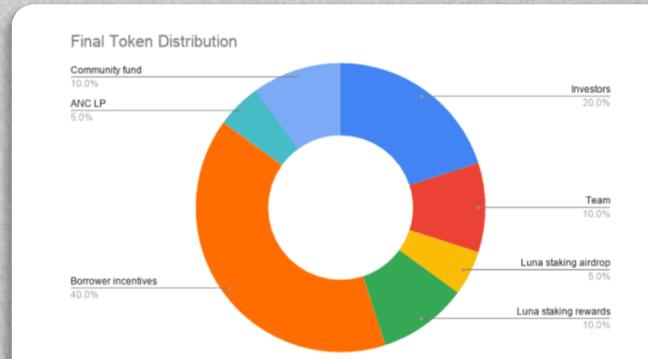
# TECHNOLOGY

It is the first inter-chain DeFi application that pools the emission from PoS blockchains, stabilizes it, and passes it on as fixed, high-yield interest to depositors. The protocol uses five types of participants in the ecosystem: Depositor, Borrower, Liquidator, ANC Liquidity providers and Oracle feeders.



# TOKENOMICS

The governance token for Anchor Protocol is \$ANC. Governance within Anchor Protocol is an additional key feature for this project. The community governance will help the progression and improvement within this platform. When the user begins to stake \$ANC on the platform, the consumer is given the rights to contribute to the polls. The polls are introduced on the platform to help the development and enhancement of Anchor Protocol. The more \$ANC that the consumer is staking the more voting power he/she receives, giving the person a higher degree of impact on decisions brought up in polls. Borrowers within the protocol also receive what is known as “borrowers’ incentive” which is \$ANC tokens to help contribute to a larger adoption of the platform. Throughout the next four plus years, one billion of \$ANC tokens will be disbursed.



Further ANC tokens are set to be released over a period of at least 4 years, increasing total supply until it reaches **1B**. The final distribution structure will be:

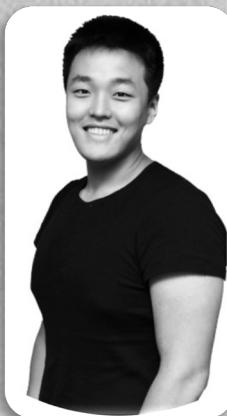
- **Investors:** 200M (20%) tokens are allocated to investors of Anchor, with a 6-month lockup period. Afterwards, a 1-year linear vesting schedule is applied.
- **Team:** 100M (10%) tokens are allocated to the creators of Anchor, with a 4-year vesting period. Tokens are to be released at every end-of-year.
- **LUNA staking airdrop:** 50M (5%) tokens are airdropped to LUNA stakers on launch.
- **LUNA staking rewards:** 100M (10%) tokens are linearly distributed to LUNA stakers over a period of 2 years. Tokens will be distributed every 100,000 blocks (approximately every week) starting from block 2179600. Snapshots are taken every 100,000 blocks to determine distribution eligibility.
- **Borrower incentives:** 400M (40%) tokens are linearly released to be used as borrower incentives over a period of 4 years.
- **ANC LP staking rewards:** 50M (5%) tokens are linearly distributed to the ANC-UST pair liquidity providers over a period of 1 year.
- **Community fund:** 100M (10%) tokens will be reserved for the Anchor Community Fund.



## TEAM & INVESTORS



Prior to Anchors launch it successfully raised \$20 million from the following 8 different investor: Galaxy Digital, Jump Trading, Alameda Research, Dragonfly Capital Partners, Pantera Capital, Delphi Digital, Hashed and Naval Ravikant.



**Do Kwon:**  
Founder & CEO at Terraform Labs  
Stanford University, Computer Science



**Nicolas Platias:**  
Head of Research at Terraform Labs  
Stanford University, Computer Science

## PARTNERSHIPS



In early August, Anchor Protocol made the announcement that they will partner with Lido Finance to launch bonded Ethereum (bETH). This partnership will allow users to reach various applications in the DeFi ecosystem without boundaries. Lido Finance uses staked Ethereum (stETH), which is the strategy to unlocking potentials with bETH.

The tweet content is as follows:

We are thrilled to announce that we are partnering with [@LidoFinance](#) to launch bETH (wrapped stETH on [@terra\\_money](#)) -- now proposed to be whitelisted as a collateral option on [@anchor\\_protocol!](#) 🚀

**bETH Goes Live**

LIDO × ANCHOR

Anchor Protocol & Lido Partner to Launch bETH  
Introduction to bETH  
[medium.com](#)

10:31 AM · Aug 2, 2021



## AUDITS & SECURITY



The highest priority within the Anchor Protocol team is making sure that the protocol is safe and dependable for all users. With the help of Cryptonics and Solidified, two audit companies that have showed tremendous expertise in this field of work, were able to conduct thorough and in-depth analysis on the Smart Contracts.

The following are the 3 audit reports:

Audit Report - Anchor Protocol Smart Contracts on  
March 8, 2021

Audit Report - Anchor Token and Distributions Smart  
Contracts on April 6, 2021

Audit Report - Ethereum Anchor Smart Contracts on  
July 9, 2021

Along with security audits being conducted, Anchor Protocol has put out a Bug Bounty Program which allows hackers acting in good faith to help keep safety and security top notch. Anchor Protocol is offering between \$500 - \$150,000 for bug discoveries within its system.

Anchor Protocol exercises caution that even with security audits being done the true assessment of how dependable these smart contracts can be is by size, visibility and time.

# PROJECT ROADMAP

Anchor plans to expand support to other proof of stake layer 1's such as Solanas native token SOL. With the utilization and advancement of cross-chain bridges, Anchor is looking at various other major PoS chains to stake derivatives.

Widespread integrations within Anchors API will allow traditional financial platforms and exchanges to capture the masses.

Anchor plans to use direct banking on-ramps to UST deposits with incorporating credit/debit cards and bank wire transfers to an Anchor savings account. Which will give customers better and convivence and allow more money to flow within the protocol.

**Cumulative Distribution Schedule (in millions)**

	Genesis	Year 1	Year 2	Year 3	Year 4
<b>Investors</b>	0	100	200	200	200
<b>Team</b>	0	25	50	75	100
<b>Luna Staking Airdrop</b>	50	50	50	50	50
<b>Luna Staking Rewards</b>	0	50	100	100	100
<b>Borrower Incentives</b>	0	100	200	300	400
<b>ANC LP Incentives</b>	0	50	50	50	50
<b>Community Fund</b>	100	100	100	100	100
<b>Token Supply</b>	150	475	750	875	1000
<b>Annual Inflation (%)</b>	nil	217%	58%	17%	14%

**Source:** Anchor Protocol



## RISKS & OPPORTUNITIES



Terraform Labs main vision is to integrate 3 financial products, payments via UST, savings via Anchor and investing via Mirror protocol. Being part of Terra is huge, helping expand different services for the mainstream. Once you're in terra labs ecosystem you will have more opportunities to use stablecoins. Payments, saving and investing, it is a one stop shop banking system.

Here are some of the best high yield online savings accounts:

Live Oak Bank: 0.60% APY

Vio Bank: 0.57% APY

Alliant Credit Union: 0.55% APY

Comenity Direct: 0.55% APY

Quontic Bank: 0.55% APY

DeFi protocols all share many of the same risks, but protocols using stablecoins and collateralized debt positions generate their own risks.

**Smart contract risk:** This is the main reason why audits are so important within these protocols. Eliminating errors and hackers helps prevent loss of capital.

**Software risk:** Anchor protocol offers a Bug Bounty Program as mentioned above to help prevent malicious attacks from hackers, DDoS attacks and other suspicious activity.

**Layered risk:** With several protocols working together or being built on top of each other, any immoral activity could lead to a damaging chain reaction.

**Regulatory risk:** With the constant change of government regulations, possibilities of restrictions within the countries could prevent access into the system.

**Economic risk:** Incentives to provide collateral and borrow on other platforms could entice customers to no longer use Anchor Protocol anymore.

## CONCLUSION

Anchor Protocol is providing a stable savings solution for the DeFi space. The team's main objective is to become the gold standard for creating passive income on the blockchain. Offering easier integrations by offering an open-source code, that can be incorporated using just 10 lines of code to any serviced application holding user balances. This protocol can be used by anyone in the world, there are no minimum deposits, account freezes or sign-up requirements. By staking returns from multiple PoS blockchains, it allows yields to be stable and attractive to customers planning on investing. The continuous growth and adoption within the DeFi space makes projects like Anchor Protocol one to keep an eye out for.

THE END