

# Leverage Finance

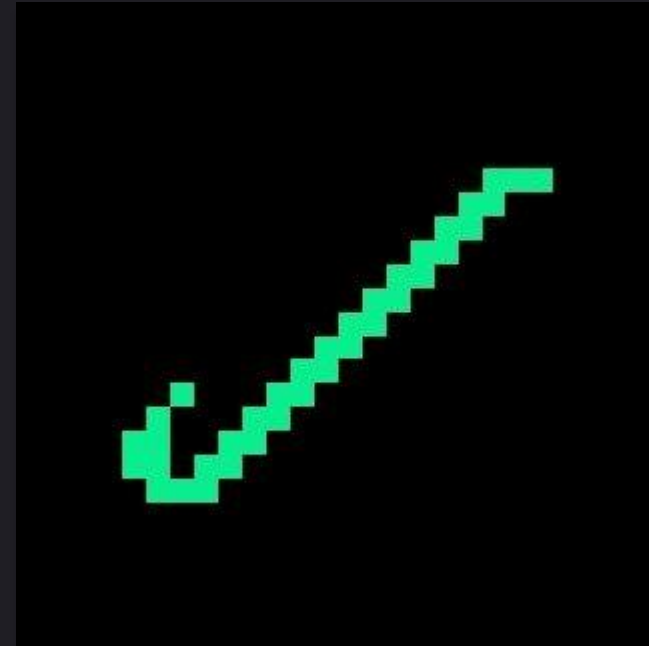
Decentralized Lending Market on Canto

## What Is Leverage Finance?

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Decentralized lending market

- Allowing users deposit LPs as collateral
- Leverage LP farming yield 5-10×





## Use Cases

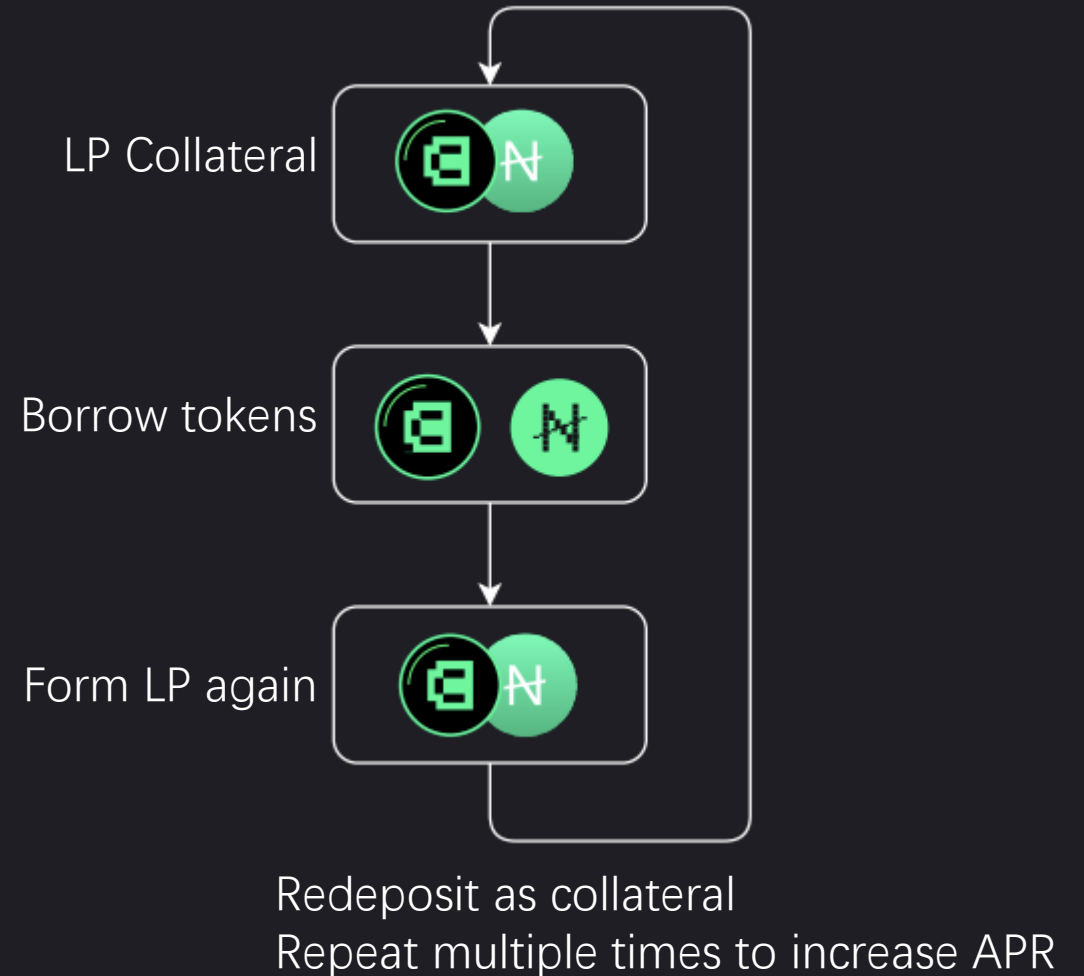
- 1 • Borrowing tokens for leveraged yield farming
  - 2 • Using borrowed tokens to implement an impermanent loss hedging strategy.
  - 3 • Lending individual tokens to earn yield
- 

## What Is Leveraged Yield Farming?

- Leverage:

● 5 – 10 ×

- enable borrowers to leverage their LP tokens for enhanced yield farming.





## Low collateralization

- Other lending protocols: 150%–750% **overcollateralization**
- Our protocol: 110% collateralized loans

How can we make it ?



## ● Brand-new collateral model

$$C = \begin{cases} (a_0 \cdot p_0^* \cdot \sqrt{m} + a_1 \cdot p_1^* \cdot \frac{1}{\sqrt{m}}) \cdot (1 + l), & \text{if } a_0 \cdot p_0^* \geq a_1 \cdot p_1^* \\ (a_0 \cdot p_0^* \cdot \frac{1}{\sqrt{m}} + a_1 \cdot p_1^* \cdot \sqrt{m}) \cdot (1 + l), & \text{otherwise} \end{cases}$$

Borrow tokens



Collateral rate

150%

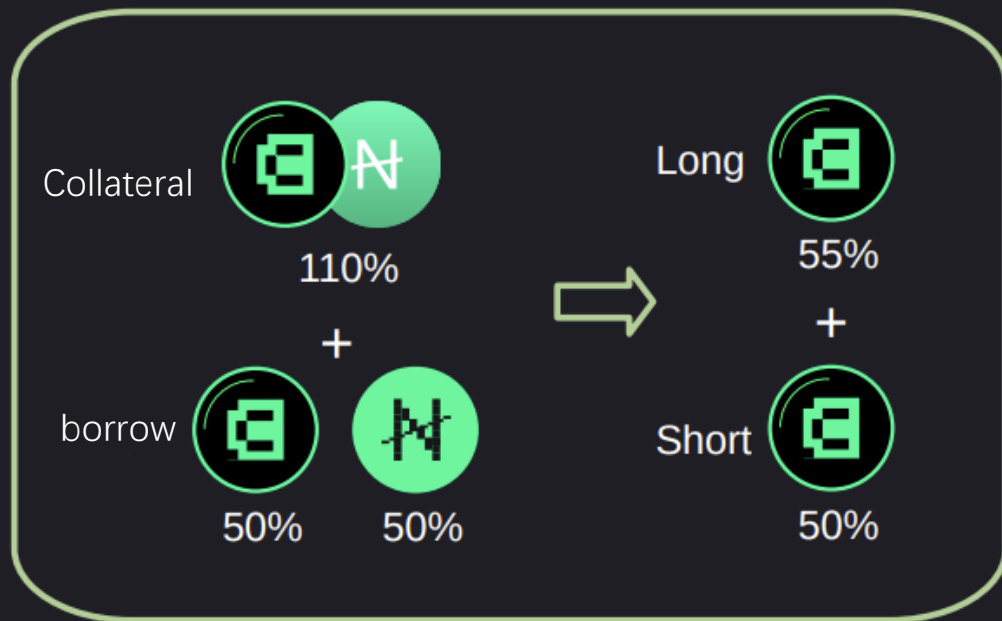


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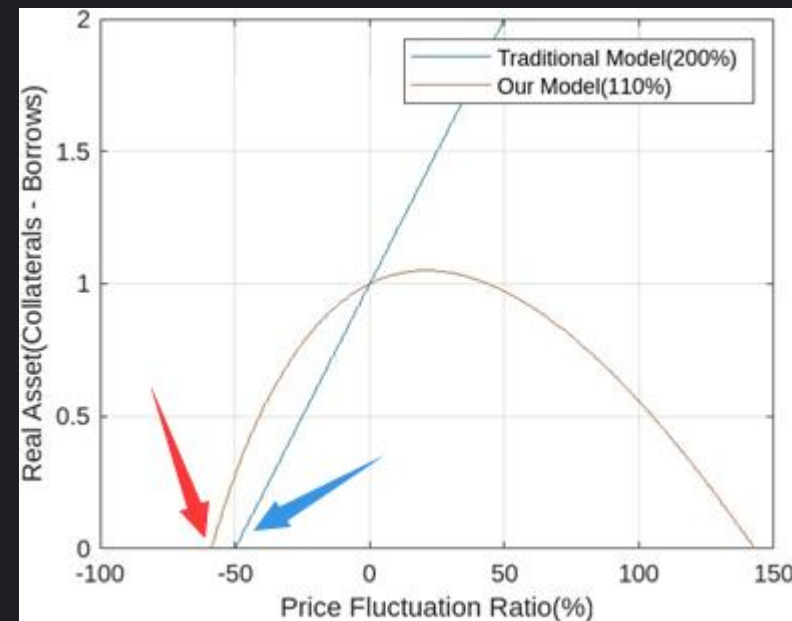


110%

## Low collateralization - Benefits









**delta neutral strategy**



much higher yield for everyone

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	APR		APR
 Canto/Note LP	300%	 LP leveraged 5x	700%
 Canto stake	21%	 Canto supply	350%
 Note stable LP	10%	 Note supply	50%



# Contracts

1

Price Oracle

2

Lending Pools



## Price Oracle

1

### **permissionless, free public infrastructure**

Anyone can add a new token pair to the Leverage Price Oracle with our permission by initializing a Uniswap-like pair.

2

### **safety**


- Fair UNI-V2 LP Pricing
- Time-Weighted Average Price (TWAP)

3

### **Robustness**

Attacking is costly. Hacker needs to take control of the market for more than 20 minutes.

**(No flash loan attack)**





# Lending Pools

1

## Factory and Deployers

All pools are isolated and anyone can create a pool using the factory contract.

2



## 1 \* Collateral

Leverage vaults will auto-compound the staked LPs and calculate their value with the price oracle.

3

## 2 \* Borrowable

An interest-bearing contract for the single token in the token pair. Also auto-compounded.



# Dynamic kink borrow rate

Auto adapt the supply-borrow market

- Utilization higher than target
  - Higher APR to attract supplier
- Utilization lower than target
  - Lower APR to attract borrower
- Target rate is changeable to fit market

