Solana's Hubble Protocol Goes Big on DeFi Composability with Solend cTokens and Kamino kTokens

The Solana DeFi community can now borrow USDH using yield-bearing assets from Solend and Kamino Finance.

Hubble Protocol boosts Solana composability with new collateral.

LONDON, UNITED KINGDOM, September 26, 2022 / EINPresswire.com/ -- Hubble Protocol has announced the addition of two new collateral types for borrowing its crypto-backed stablecoin, USDH. The newly onboarded assets include yield-bearing Solana SPL tokens such as cTokens from Solend and kTokens from Kamino Finance.

Solend is the biggest lending protocol on Solana as defined by its total value locked (TVL). The protocol allows users to borrow Solana tokens at variable interest rates against the value of their deposits, which are also used for lending.

On Solend, users can deposit vanilla single-asset tokens such as SOL, ETH, and BTC in return for cSOL, cETH, and cBTC, receipt tokens that earn interest from lending activity. When users want to retrieve their vanilla SOL, for example, they can burn cSOL and withdraw their initial principal deposit plus whatever SOL was earned during the duration of the deposit.

Kamino Finance, which core members of Hubble Protocol helped incubate, is Solana’s first concentrated liquidity decentralized exchange (DEX) yield optimizer. Kamino automatically rebalances and compounds concentrated liquidity positions on behalf of liquidity providers (LPs).

When users deposit tokens on a DEX through Kamino, the protocol sets and manages liquidity positions and provide users with kTokens as a deposit receipt. Like cTokens, kTokens accumulate value while held, and when users burn their kTokens to withdraw their deposits, they receive their deposited tokens plus yield from trading fees.

Hubble’s acceptance of these yield-bearing assets as collateral highlights the extreme composability of Solana, the home network for each of these projects. Built onto the same Layer 1 blockchain, each protocol shares the same trust and security, features that cannot be established using Layer 2 or multi-chain solutions for increasing scalability.

Hubble has established its stablecoin, USDH, as the most widely paired Solana-native stablecoin on Solana’s various DEXs. USDH’s adoption on Solana DEXs is second only to USDC, the fiat-backed and second highest market cap for stablecoins overall, for token pairings across the network.

USDH can now be minted at a maximum 80% loan-to-value (LTV) for cTokens and a maximum 97% LTV for kTokens. One notable aspect of accepting kTokens as collateral is that users can leverage their concentrated liquidity positions on Kamino up to 20x by borrowing USDH. At the time of writing, Kamino is managing $1.75 million of liquidity for the USDH-USDC pair on Orca, making this pool the third highest in liquidity on the DEX.

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