

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Bonzo Finance (BONZO)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading BONZO. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the [Risk Summary](#) for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Bonzo Finance and how does it work?

Bonzo Finance is a non-custodial, open-source lending and borrowing protocol built on the Hedera public network. The team states the protocol is adapted from Aave v2 and integrates with Hedera's EVM and Hedera Token Service (HTS). It supports over-collateralized loans, flash loans, and dynamic interest-rate models, with a web interface as one of several ways to interact with the protocol. BONZO is the HTS fungible token of the protocol. According to the project team, BONZO will be used for governance through the Bonzo DAO and for staking to receive xBONZO, a yield-bearing receipt token.

Who is behind the project?

Bonzo Finance was founded by Brady Gentile and Gaurang Torvekar. The Bonzo Finance Foundation acts as the DAO wrapper, Bonzo Reserve Ltd. is the token issuance entity, and Bonzo Finance Labs is the development organization supporting the protocol.

Tokenomics of BONZO

The total supply of BONZO is 400 million tokens which is distributed as follows:

Category	Percentage
Community	27.4%
Investor	10%
Core Development	25%
DAO Treasury	27.6%

Ecosystem Development	10%
Total	100%

General Risks

Like all other digital assets, there are some general risks to investing in BONZO. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken’s Risk Statement.

Risks specific to BONZO

Competition

The Bonzo Finance network faces competition from other cryptocurrencies such as Aave, Compound, Radiant, and many others. Bonzo Finance’s value derives from its broader adoption in the market. If the Bonzo Finance network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BONZO.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on BONZO and determined that BONZO is unlikely to be a security or derivative under UK securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of BONZO, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created BONZO;
- The supply, demand, maturity, utility and liquidity of BONZO;
- Material technical risks associated with BONZO, including any code defects, security breaches and other threats concerning BONZO and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with BONZO, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of BONZO, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to BONZO about whether BONZO, or generally about whether the type of crypto asset, is a security and/or derivative.

Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)

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