

Yesterday, BGD Labs reported to Aave Labs that some periphery contracts used in the Aave Labs user interface (not part of core protocol) to perform swaps had a small balance (exact amount to be confirmed) that was exploited. These contracts, which are separate from the core protocol and used for facilitating token swaps, had accumulated small token balances over time. The accumulation is a result of residual tokens left over from swap transactions, a situation these contracts were not designed to handle. As a precautionary measure, the Aave Labs team has immediately disabled all functions that use swaps in the Aave Labs interface until the situation can be thoroughly investigated and a solution can be put in place. It's important to note that users are still able to manage their positions by using alternative functions in the Aave Labs interface or by using other third-party interfaces to interact with the protocol. No user funds were impacted, and the tokens that the contract lost belonged to the Aave DAO.

We are continuing our thorough investigation into this incident and will provide more details shortly.