

Hi Folks!

Over the last couple of months, the Gauntlet team has been building the Aave Risk Dashboard. We are happy to announce that the Aave Risk Dashboard is now live at gov.gauntlet.network/aave!! We are very excited to release this dashboard to the community and start to gather feedback so we can continue to iterate on it and maximize its impact.

A few high level points/reminders:

- There are two goals for the initial dashboard launch: a) help the community understand our methodology and recommendations and b) help the community understand how Gauntlet's recommendations help reduce risk and increase capital efficiency for the protocol.

- Value at Risk (VaR)

and Borrow Usage (BU)

are topline measures of Risk and Capital Efficiency respectively. VaR conveys capital at risk due to insolvencies and liquidations when markets are under duress (i.e. Black Thursday). We currently compute VaR (based on a measure of protocol insolvency) at the 95th percentile of our simulation runs assuming higher than normal volatility. Borrow Usage is defined in detail in this [post](#).

- You may notice VaR being \$0 for quite a few assets. This is due to the fact that these assets do not represent a significant portion of Aave's borrow positions and that liquidator agents prefer large positions due to higher guarantees on making a profit. This leads to no liquidations or insolvencies happening in our sims for the smaller assets and positions in Aave.
- We have removed the historical VaR and Borrow Usage charts from the initial version of the dashboard, as we need a bit more time to backfill market data and test. We expect to launch the charts in a few weeks.
- To get an even more in depth understanding of our methodology for running Simulations take a look at our [Aave report](#). In particular, Section 4.3 and Appendix Section C. While we have updated the actual data underlying the sims, the methodology remains relevant.

With the Dashboard, we are excited about making the Aave protocol safer and more capital efficient. With the most recent round of parameter changes being proposed in [AIP-38](#), we are able to reduce Value at Risk by \$7.68M, while maintaining the same level of Borrow Usage! By reducing Liquidation Bonuses we are able to reduce the chance of cascading liquidations and thus reduce potential borrower losses, making the Aave protocol safer overall. Going forward we plan on keeping the dashboard up-to-date with the current state of the Aave protocol and our recommended parameter changes.

This is just the start of our Risk Dashboard product for Aave and we plan on refining it with the community. Feel free to give feedback in the comments here, or directly to us using the Send Feedback button on the dashboard!

Quick Links:

Dashboard: gov.gauntlet.network/aave

Aave Report: gov.gauntlet.network/reports/aave

AIP-38: <https://app.aave.com/governance/38-QmciauyTVnoHG6bAXCxEHjHqTsUfiDz7rSGFxMADqFgCh4z>