

Project Name:

Homora V2 on Optimism

Author Name and Contact Info:

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- Iron bank - Iron Bank Core Team ([partnerships@ib.xyz](mailto:partnerships@ib.xyz)) and/or Puff - Lead Contributor ([L@ib.xyz](mailto:L@ib.xyz))

L2 Recipient Address:

0xCDE30CC7502290a6B8827254810F4C852f5f3EE6

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant:  
[Yes

/No]

Which Voting Cycle are you applying for?

: Voting cycle #8

Grant category:

Optimism Governance Fund (Phase 1)

Is this proposal applicable to a specific committee?

This proposal may fall under the revision of DeFi committees

Project Description:

Homora is the world's first multi-chain leveraged yield farming and lending protocol, and is also the first and flagship product from Alpha Venture DAO's build arm. Homora V1 was first launched on Ethereum in October, 2020. To offer a more disruptive value proposition, Homora V2 was introduced on Ethereum in April, 2021, with enhanced technology and functionalities such as single asset liquidity providing and flexible borrowing of multiple assets for leveraged yield farming. After the Homora V2 launch, the product has reached significant usage and adoption with a record high Total Value Locked (TVL) of 2 billions USD in May, 2021.

To enable our users to take leverage on many assets, Homora is partnering and integrating deeply with Iron Bank, a protocol-to-protocol lending platform and liquidity backstop for the DeFi ecosystem as our main source of borrow liquidity.

Homora V2 x Ironbank has continuously expanded across other L-1 chains, including Avalanche and Fantom, to bring high yield opportunities to mass users at lower transaction expenses. To continue lowering the barrier of entry for users, Homora V2 x Ironbank scaled to L2s, starting with Optimism and launching Homora V2 on Optimism as the first leveraged yield farming protocol to integrate with Uniswap V3.

Project links:

Homora V2

- Website: <https://homora-v2.alphaventuredao.io/>
- Twitter: @Alpha\_HomoraV2
- Discord: [Alpha Venture DAO](#)
- Please include all other relevant links below: [Homora V2 by Alpha Venture DAO | Linktree](#)

Ironbank

- Website: <https://app.ib.xyz/>
- Twitter: <https://twitter.com/ibdotxyz>
- Discord: [Iron Bank](#)
- Medium: <https://ibdotxyz.medium.com/>
- Github: [Iron Bank · GitHub](#)

Additional team member info:

- Tascha Punyaneramtdee (CEO & Project Lead) <https://th.linkedin.com/in/tascha-panpan>
- Nipun Pitimanaaree (Head of Tech) <https://www.linkedin.com/in/nipunpitimanaaree>

Relevant Usage Metrics:

(TVL, transactions, volume, unique addresses, etc.)

Since the launch, Homora V2 x Ironbank has witnessed explosive growth on the platform, which rides along with Optimism's growth. At the moment of submitting the proposal, Homora V2 ranks #1

in the leveraged yield farming and lending category and #9

among protocols within Optimism ecosystem while Ironbank ranks #2

in the lending category and #14

among protocols within the ecosystem

Public dashboard:

[Grafana](#)

Total Value Locked:

Total Value Locked (all chains): ~70M (1B at peak)

Total Value Locked on Optimism: ~20M (35M at peak)

No. of opened positions:

No. of opened positions (all chains): 17,231 positions

No. of opened positions on Optimism: 433 positions

Unique address:

[undefined: TVL and Stats - DefiLlama](#)

Total unique address (all chains): 4,966 addresses

Unique address on Optimism: 211 addresses

Ironbank:

Total Value Locked: [Iron Bank: TVL and Stats - DefiLlama](#)

Competitors, peers, or similar projects (please link):

Homora V2

- Alpaca finance (BSC, FTM): <https://www.alpacafinance.org/>
- Francium (SOL): <https://francium.io/>
- Tulip (SOL): [Tulip](#)
- Tarot Finance (OP, FTM): <https://www.tarot.to/>
- Reaper Farm (OP, FTM): <https://www.reaper.farm/>

Ironbank

- AAVE (OP, AVAX, FTM, ETH) <https://aave.com/>
- Compound (ETH) <https://compound.finance/>
- The Granary (OP) [The Granary](#)
- Solend (SOL) <https://solend.fi/>

Is/will this project be open-sourced?

- Ironbank – Yes

- Homora V2 – No

With Homora V2 product nature, we intend to innovate fast and support future integrations while maintaining protocol security. As a result, we decided to make our code close-sourced to strengthen our user's security

Optimism native?:

Yes/No

Date of deployment/expected deployment on Optimism:

- Ironbank – 16th August, 2022

Homora V2 --18th August, 2022 10AM UTC

Ecosystem Value Proposition:

Optimism is the first L-2 chain that Homora V2 and Ironbank launched since we believe in the growing ecosystem and the vision of decentralized governance. With our growth strategies to integrate and build partnerships with more DeFi projects on Optimism, we believe that our launch will further drive DeFi activities and liquidity locked on chain, supporting Optimism to grow into a leading L2 chain. Moreover, we believe that our launch will benefit the whole ecosystem stakeholders, including

1. Users on Optimism to get access to high boosted yields on high-quality pools from top DEXes with enhanced protocol security through leveraged yield farming on Homora V2 and lending on Ironbank.
2. Builders on Optimism, including
3. DEXes we integrate on top will gain higher TVL and deeper liquidity added to their pools, facilitating higher efficiency and lower slippage on AMM swaps.
4. Other protocols that integrate on top of Homora V2 and Ironbank can leverage this partnership to expand more use cases of leveraged yield farming, such as yield strategies and vaults.

Additionally, we have strengthened the Optimism ecosystem by co-launching with ecosystem partners, including Iron Bank, Yearn Finance, and Perpetual Protocol and gained impressive traction of ~\$20M in TVL, > 30k impressions and >900 engagement.

Has your project previously applied for an OP grant?:

No

Number of OP tokens requested:

684,000 \$OP

Did the project apply for or receive OP tokens through the Foundation Partner Fund?:

Yes/No

/In Process

How much will your project match in co-incentives?

Homora V2 x Ironbank is willing to match additional 45,000 IB tokens to be distributed as LM incentives on top of leveraged yield farming and lending pools

Beyond this, Homora V2 x Ironbank has already committed up to 15,300 IB (~\$50,000) to celebrate our launch on Optimism and bootstrap the liquidity locked on the platforms over 4 weeks. See more details of our previous LM program here. (Edited 2 Nov 2022: The LM period is extended until 20 Nov 2022)

Proposal for token distribution:

How will the OP tokens be distributed?

As a builder on Optimism, Homora V2 is requesting 684,000 \$OP tokens where

- Type1:

~56% of granted OP tokens (~384,000 \$OP) will be allocated to users as promotional liquidity mining rewards to help bootstrap liquidity at launch in addition to the organic usage. We plan to prioritize listing the pools with OP tokens to ensure that the distributed rewards benefit back to the ecosystem. The tokens will be allocated to supply pools at a fixed rate of a 16,000 OP tokens per week with the distribution rate at start as follow

## Supply pools

- OP = 11,000 OP per week
- ETH = 5,000 OP per week

The rationales behind our token allocation is to incentivize OP lending activities, which will lower the number of OP tokens in circulation while advertising borrowing activities against OP, ETH, DAI, USDC that such that higher farming yields will attract more liquidity providers. Higher borrowing demand will lead to higher yields for lenders. Overall, this will help shape a positive feedback loop, leading to more lending and borrowing activities. However, the allocation of the requested tokens may be adjusted based on market conditions.

- Type2:

~44% of granted OP tokens (~300,000 \$OP) will be allocated as builder's grant for protocols looking to integrate on top of Homora and Ironbank. For example, building yield strategy vaults on top of Homora's leveraged yield farming pools that also contributes usage on Ironbank. This will allow Homora to leverage the synergies with integrated protocols and further increase liquidity and leveraged yield farming and lending activities on Optimism. See example of previous integration [here](#)

We target 3 protocols to integrate on top of Homora with the builder's grant given out on the FCFS basis, with more allocation ratio given to the protocols committing to integrate with us before the grant is approved (as they take on more uncertainties of the grant itself). Currently, we have reached out to 4 partners in our contact whether they are interested in building strategies on top of Homora and 2 of them confirms to integrate with us (Sharpe.AI and Blue Swan Labs)

For the requirements to receive the grant, the integrated protocols must use the OP received in a way that

1. Incentivize on-chain activities and contributes to increase in TVL on Optimism
2. Distribute in a span of at least 3 months

How will this distribution incentivize usage and liquidity on Optimism?

As a leveraged yield farming protocol, Homora aims to help bring large TVL and liquidity to the underlying DEXes and become the majority contributor of underlying liquidity pools that it integrates with. (e.g.Homora V2 aims to contribute over 70% to Uniswap V3's liquidity for the pools that are integrated with Homora)

Since many of Homora's users are degens and advanced investors looking for opportunities to boost their yields, distributing OP tokens as promotional liquidity mining rewards will help incentivize protocol usage and bootstrap the liquidity on Optimism after deployment. As a result, higher farming yields will attract more liquidity providers, while higher borrowing demand will lead to higher yields for lenders. In overall, this will help shape a positive feedback loop, leading to more lending and borrowing activities.

Over what period of time will the tokens be distributed?

The liquidity mining incentives of \$OP token will be distributed over 24 weeks (6 months), with 12 active liquidity mining period (2-week each)

Key milestones/KPIs you expect to achieve

- Launch on Optimism (18 Aug 2022) with 3 leveraged yield farming + 3 lending pool listing
- Target 1-week after launch (with IB tokens LM rewards on lending pools)
- Gain an average of 20% organic traction on leveraged yield farming pools: 5M (exceed, actual TVL = 10M, contribution = 50%)
- Bootstrap 20% of the target liquidity on lending pools: 7M (exceed)
- Gain an average of 20% organic traction on leveraged yield farming pools: 5M (exceed, actual TVL = 10M, contribution = 50%)
- Bootstrap 20% of the target liquidity on lending pools: 7M (exceed)
- List ETH-OP pool and OP lending pools (07 Nov 2022)
- Target 1-month after launch
- Gain an average of 50% organic traction on leveraged yield farming pools (meet, actual TVL = 12M, contribution = 50%)
- Bootstrap 30% of the target liquidity on lending pools (exceed, contribution = 57.5%)
- Gain an average of 50% organic traction on leveraged yield farming pools (meet, actual TVL = 12M, contribution =

50%)

- Bootstrap 30% of the target liquidity on lending pools (exceed, contribution = 57.5%)
- Target 2-month after launch (with OP tokens LM rewards on leveraged yield farming pools)
- Gain an average of 70% on leveraged yield farming pools after the LM rewards are distributed
- Bootstrap 50% of the target liquidity on lending pools (meet only on ETH/USDC and ETH/DAI pool, contribute = 74%)
- Gain an average of 70% on leveraged yield farming pools after the LM rewards are distributed
- Bootstrap 50% of the target liquidity on lending pools (meet only on ETH/USDC and ETH/DAI pool, contribute = 74%)
- Continue new DEXes, asset listing, and explore integration with other protocols to increase protocol use cases
- Integrate with  $\geq 3$  ecosystem partners on Optimism
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- Target 4-month after launch
- Maintain a TVL share of 2% across Optimism DeFi landscape
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](<https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/f/fefc657e68b560a20252c3928b685a371ee9cc15.jpeg>)

Why will the incentivized users and liquidity remain after incentives dry up?

After incentives dry up, there are three key factors that can help sustain the liquidity on Homora V2, including organic traction, a strong track record of usage from Uniswap V2's liquidity pools, and the first-mover advantage from integrating with Uniswap V3. First, by launching without distributing additional liquidity mining rewards on liquidity providing pools, we can organically bring in a total of \$20M in TVL at its peak since launching on Optimism, with ~80% liquidity locked on Uniswap v3 ETH-DAI 0.03% pools from Homora. Secondly, with proven track records on other chains that Homora is currently live on, such as Ethereum, ~50% of Homora's TVL on Ethereum comes from Uniswap V2 even after incentives dry up. This proves that integrating leveraged yield farming protocol on top of a large DEX like Uniswap can bring sticky organic usage without extra incentives. We aim to replicate a similar impact to Homora on Optimism after integrating with Uniswap V3. Finally, Homora is the first leveraged yield farming protocol to integrate with Uniswap V3, which gives it a first-mover advantage to offer a more unique value proposition towards the Optimism community.