

# Llama 6 Month Update

Hi all, as we've hit the 6-month milestone with Aave, we'd like to provide a more detailed update on our progress and impact so far. We really appreciate the feedback and involvement from the Aave community.

As a reminder, our areas of focus are:

- Protocol upgrades
- Treasury management
- Analytics
- Growth

You can find our full scope in [this forum post](#).

## Summary

In the last 6 months, we have published and executed 21 AIPs

relating to the treasury and protocol growth. We estimate that these proposals will have an annualized impact of \$2.0m in revenue

for Aave. This estimate captures proposals from the last 6 months; we're excited about the proposals in our pipeline and the impact they'll have over the coming 6 months.

A full overview of these AIPs and their impact is available at [community.llama.xyz/aave/llama/impact](https://community.llama.xyz/aave/llama/impact).

## Data Engineering & Analytics

A number of our deliverables, such as providing financial reports or runway analyses, do not require on-chain proposals.

- Aave Dashboard
- Created a dashboard for Aave ([Aave | Llama](#)) to serve as a one-stop shop for data on the protocol and DAO. Today, it contains comprehensive data on Aave's treasury and runway, powered by data from the Data Warehouse. Users can see treasury addresses, balances, and treasury composition and can export data to CSV for further analysis. We hope this data helps Aave contributors, delegates, and users make informed decisions about the DAO.
- Created a dashboard for Aave ([Aave | Llama](#)) to serve as a one-stop shop for data on the protocol and DAO. Today, it contains comprehensive data on Aave's treasury and runway, powered by data from the Data Warehouse. Users can see treasury addresses, balances, and treasury composition and can export data to CSV for further analysis. We hope this data helps Aave contributors, delegates, and users make informed decisions about the DAO.
- Accounting Reports
- Published financial reports each month since the beginning of our engagement, which can be found [on our Aave dashboard](#) or by searching the forum.
- Published financial reports each month since the beginning of our engagement, which can be found [on our Aave dashboard](#) or by searching the forum.
- Runway Analysis
- Published the first Aave runway analysis in [November 2022](#)
- Released a live runway analysis dashboard on our Aave page at [community.llama.xyz/aave/runway](https://community.llama.xyz/aave/runway). This dashboard gives community members visibility into the DAO's current spending obligations, stablecoin denominations, and remaining runway.
- Published the first Aave runway analysis in [November 2022](#)
- Released a live runway analysis dashboard on our Aave page at [community.llama.xyz/aave/runway](https://community.llama.xyz/aave/runway). This dashboard gives community members visibility into the DAO's current spending obligations, stablecoin denominations, and remaining runway.
- Develop a Data Warehouse for Aave
- Built a Data Warehouse that holds Aave financial and protocol metrics data.

- Built ETL pipelines that reads from multiple onchain and offchain data sources and stores data in the Data Warehouse in different schemas.
- Built an API service that exposes data in the warehouse to our[frontend dashboard](#).
- Setup infrastructure connected to the data warehouse to spin up exploratory notebooks for adhoc analysis and sharing research.
- Built a Data Warehouse that holds Aave financial and protocol metrics data.
- Built ETL pipelines that reads from multiple onchain and offchain data sources and stores data in the Data Warehouse in different schemas.
- Built an API service that exposes data in the warehouse to our[frontend dashboard](#).
- Setup infrastructure connected to the data warehouse to spin up exploratory notebooks for adhoc analysis and sharing research.
- DeFi Integrations
- Llama supported [CIAN](#) as they built a MaticX / wMATIC strategy for Aave V3 (Polygon). With our proposed update to wMATIC Interest Rate parameters on Aave V3 Polygon, this strategy became more economically viable. We worked with CIAN to discuss potential risks of the strategy and ways to improve UX for a safer product build. CIAN also recently launched stMATIC/wMATIC strategies.
- Llama has proposed the following gauges on Balancer:
  - wstETH/bb-a-wETH ([Ethereum](#), [Arbitrum](#), [Polygon](#))
  - [cbETH/bb-a-wETH \(Ethereum\)](#)
  - [stMATIC/bb-a-wMATIC \(Polygon\)](#)
  - [MaticX/bb-a-wMATIC \(Polygon\)](#)
  - [rETH/bb-a-wETH \(Arbitrum\)](#)
  - wstETH/bb-a-wETH ([Ethereum](#), [Arbitrum](#), [Polygon](#))
  - [cbETH/bb-a-wETH \(Ethereum\)](#)
  - [stMATIC/bb-a-wMATIC \(Polygon\)](#)
  - [MaticX/bb-a-wMATIC \(Polygon\)](#)
  - [rETH/bb-a-wETH \(Arbitrum\)](#)
- Llama supported [CIAN](#) as they built a MaticX / wMATIC strategy for Aave V3 (Polygon). With our proposed update to wMATIC Interest Rate parameters on Aave V3 Polygon, this strategy became more economically viable. We worked with CIAN to discuss potential risks of the strategy and ways to improve UX for a safer product build. CIAN also recently launched stMATIC/wMATIC strategies.
- Llama has proposed the following gauges on Balancer:
  - wstETH/bb-a-wETH ([Ethereum](#), [Arbitrum](#), [Polygon](#))
  - [cbETH/bb-a-wETH \(Ethereum\)](#)
  - [stMATIC/bb-a-wMATIC \(Polygon\)](#)
  - [MaticX/bb-a-wMATIC \(Polygon\)](#)
  - [rETH/bb-a-wETH \(Arbitrum\)](#)
  - wstETH/bb-a-wETH ([Ethereum](#), [Arbitrum](#), [Polygon](#))
  - [cbETH/bb-a-wETH \(Ethereum\)](#)
  - [stMATIC/bb-a-wMATIC \(Polygon\)](#)
  - [MaticX/bb-a-wMATIC \(Polygon\)](#)
  - [rETH/bb-a-wETH \(Arbitrum\)](#)

- Claim Revenue to Treasury for Aave V3
- Set up off-chain infrastructure to automatically and dynamically claim all revenue to the treasury for Aave V3 on Polygon, Optimism, Arbitrum and Avalanche on a weekly basis (i.e every Thursday).
- Set up off-chain infrastructure to automatically and dynamically claim all revenue to the treasury for Aave V3 on Polygon, Optimism, Arbitrum and Avalanche on a weekly basis (i.e every Thursday).
- Improve Capital Efficiency of the Safety Module (SM)
- We did extensive analysis on the Safety Module and shared our ideas for improving the SM [on the forum](#).
- We did extensive analysis on the Safety Module and shared our ideas for improving the SM [on the forum](#).
- Asset Listing Risk Assessments
- We've continued to support asset listings on Aave by providing qualitative risk assessments for assets, helping third parties navigate the listing process, and working with Aave's existing risk providers.
- We've continued to support asset listings on Aave by providing qualitative risk assessments for assets, helping third parties navigate the listing process, and working with Aave's existing risk providers.

## Impact of Llama AIPs

### Methodology

While it's difficult to produce a 100% objective measure of performance, we seek to be as data-driven and transparent as possible when measuring the impact of our work. Though we provide aggregate numbers for convenience, we encourage community members to review the impact of each individual proposal below as well.

In calculating our estimated impact, we made the following assumptions:

Baseline revenue

= average revenue for 30 days prior to the proposal's execution date.

Marginal revenue generated by Llama

= sum(actual revenue - baseline revenue)

for every day since the proposal's execution date.

Annualized revenue generated by Llama

= 365 \* average(actual revenue - baseline revenue)

for every day since the proposal's execution date.

### AIPs

#### AIP-105: Ethereum v2 Reserve Factor - aFEI Holding Update

After the announcement that FEI would be removed from circulation, Llama authored a proposal to unwind the aFEI holding for DAI and deposit the DAI into the Aave v2 Ethereum Pool DAI Reserve.

141,400 aFEI has been redeemed for DAI through the proposal.

#### AIP-109: Whitelist Balance's Liquidity Mining Claim

Enabled Balancer to retrieve the stkAAVE Liquidity Mining incentives distributed to Linear Pools in the Balancer Boosted Aave Pool.

This proposal had no immediate revenue impact but further strengthens Aave's partnership with Balancer.

#### AIP-110: FEI Reserve Factor Update

Slight update to AIP-150 to set FEI's Reserve Factor on Aave v2 Ethereum from 100% to 99%.

#### AIP-115: Strategic Partnership with Balancer DAO Part 2 - 100k BAL Acquisition

This on-chain purchase completes the two-part process for acquiring a total of 300,000 BAL after an initial 200,000 BAL was acquired via the token swap in AIP-87.

The 100,000 BAL acquisition further extends the DAO's holding to be used for supporting the growth of the Aave ecosystem. There are numerous opportunities within the Aave ecosystem to utilize veBAL. While the immediate impact is difficult to measure, BAL emissions are expected to lead to higher TVL

and attract new users/use cases to Aave

which will lead to additional revenue generation

or, alternatively, reduce the AAVE emissions via the Safety Module.

#### **AIP-130: Set LDO, stMATIC, MaticX, and SD Emission\_Admin**

for Polygon v3 Liquidity Pool

Llama proposed assigning the Emission\_Admin

role for the LDO, stMATIC, MaticX, and SD tokens on the Polygon v3 deployment.

This proposal enabled rewards on the Polygon v3 market, allowing Lido, Stader, and Polygon Foundation to incentivize tokens such as stMATIC, MaticX, and wMATIC. We expect this proposal to increase TVL

on Polygon v3 and grow Aave's revenue

.

In the medium-term, we expect these proposals to drive significant TVL and revenue to Aave, though these rewards began around the end of Q1 2023.

#### **AIP-131: Aave v2 ETH Interest Rate Curve Update**

Llama proposed amending the ETH interest rate parameters on the Aave Ethereum v2 and v3 Liquidity Pool.

The goal of this proposal was to increase revenue

and borrow demand for wETH

on Aave v2 (and Aave v3, once launched) by facilitating the ETH/stETH looped recursive strategy. Prior to Llama's proposal, the recursive strategy did not break even prior to reaching the Uoptimal utilization within the Reserve, leading to lower borrow demand. Prior to this proposal, due the implementation of AIP-68, Aave DAO is earning less revenue from the ETH Reserve post-merge despite utilization within the Reserve increasing significantly over that time.

#### **AIP-144: Ethereum v2 Collector Contract Consolidation**

Llama proposed consolidating the Aave v2 Collector Contract holdings by swapping a portion of the long tail assets to USDC and redeeming assets from the Aave AMM deployment. This will assist with compensation of service providers, as well as future proposals designed to earn yield.

#### **AIP-145: Renew Aave Grants DAO**

Llama supported Aave Grants DAO's renewal by authoring the proposal payload. After the proposal, Aave Grants DAO was renewed for 2 quarters with a budget of \$3.25m.

#### **AIP-146: Repay Excess CRV Debt on Ethereum v2**

Llama proposed acquiring CRV with aUSDC from the Collector Contract for the purpose of repaying the excess debt in the CRV Reserve on the Ethereum v2 Liquidity Pool.

#### **AIP-150: Aave v3 Polygon wMATIC Interest Rate Update**

Llama proposed amending the interest rate parameters, SupplyCap, and BorrowCap for wMATIC on the Aave Polygon v3 Liquidity Pool.

At the previous borrow rate, the maximized-yield strategy of looping stMATIC/wMATIC was unprofitable without incentives. wMATIC's reserve utilization was low (38.2%) due to high borrowing costs. This proposal reduced borrowing cost of wMATIC. We expected this proposal to lead to increased wMATIC borrow demand

and increased revenue

to Aave.

### **AIP-151: BAL Interest Rate Curve Upgrades**

Llama proposed amending BAL interest rate parameters on the Aave Ethereum v2, Polygon v2, and Polygon v3 Liquidity Pools.

This proposal sought to increase capital efficiency of BAL pools, increasing Aave's BAL revenue

. As Ethereum v2 and Polygon v2 are currently frozen, this proposal was most effective Polygon v3.

### **AIP-158: Ethereum v2 - wETH Interest Rate Curve Upgrade**

After Llama's AIP-131 to update the wETH interest rate parameters on Ethereum v2, Aave saw improved overall total revenue. However, borrow demand reduced from 515k to 424k from December 18, 2022 to January 15, 2023. Our analysis indicated that Slope1 was the most likely cause of this reduced wETH borrow demand.

We proposed aligning the wETH interest rate parameters across the Aave v2 and v3 Ethereum Liquidity Pools, with the goal of offsetting the declining revenue trend via a higher utilization

of the v2 wETH market. To avoid double counting this proposal's impact with AIP-131, we've excluded this data from our aggregate impact figures

but provide charts on our dashboard for completeness.

### **AIP-163: Add wstETH to Arbitrum Aave v3**

Llama proposed listing wstETH to Aave v3's Arbitrum market, facilitating the aArbWETH/wstETH loop strategy.

The analogous stETH/wETH rewards-maximizing loop on Aave v2 Ethereum is the main source of borrowing demand for wETH and the wETH reserve generates a material portion of Aave's revenue. With this proposal, our main goals were to increase revenue

and to enable wstETH deposits

, allowing users to borrow wETH and enter the rewards-maximizing loop.

### **AIP-167: MaticX Risk Parameter & Interest Rate Upgrade**

Llama proposed upgrading the MaticX Reserve on Polygon to facilitate an expansion of the MaticX/wMATIC loop strategy.

Specifically, this proposal increased the Supply Cap for MaticX, enabling the recursive MaticX/wMATIC strategy to grow beyond the existing constraints. Along with a reasonable Borrow Cap and SD rewards from Stader, this proposal sought to increase MaticX revenue

as well as deposits and borrow for MaticX and wMATIC

### **AIP-168: Add CRV to Ethereum v3**

Llama proposed listing CRV to Aave V3's Ethereum market.

CRV is a strategic asset to Aave and any CRV earned from the pool can be used by the DAO to support bootstrapping the adoption of GHO, StakedATokens, and in the long term, perhaps help incentivize the Safety Module. This proposal sought to generate CRV-denominated revenue

, increasing Aave's governance power at Curve.

### **AIP-172: stMATIC SupplyCap Increase Polygon v3**

Llama proposed increasing the stMATIC Supply Cap on Polygon to facilitate an expansion of the stMATIC/wMATIC loop strategy.

This proposal sought to increase deposits for stMATIC

, allowing more users to enter the stMATIC/wMATIC loop, ultimately increasing revenue

for Aave.

### **AIP-175: CRV Interest Rate Curve Upgrade**

Llama proposed updating the CRV interest rate parameters on the Aave Ethereum v2, Polygon v2, and Polygon v3 Liquidity Pools.

### **AIP-182: MaticX Supply Cap Increase Polygon v3**

With utilization of the MaticX pool reaching 99%, Llama proposed increasing the MaticX Supply Cap, allowing Stader Labs to continue offering SD rewards to users who deposit MaticX.

Given the recency of this proposal, we've excluded it from our aggregate impact stats.

### **AIP-183: OP Emission\_Admin**

for Optimism v3 Liquidity Pool

Llama proposed assigning the Emission\_Admin

role to Lido for the OP token on the Optimism v3 deployment, enabling Lido to distribute OP rewards on the network.

We thank the Aave community for their support! It has been a pleasure contributing to Aave over the last 6 months, and we look forward to hearing feedback or questions on our work below.

As a reminder, we'll be hosting our monthly [Llama <> Aave Twitter Spaces](#) this Thursday at 11am ET. We hope you'll join us!