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We are proposing to add Barnbridge (BOND) as a collateral asset to the Aave protocol allowing investors to gain further exposure to risk tranced yield products.

Barnbridge will help bring more liquidity to AAVE

At the core of the Barnbridge thesis is the market need for diverse yield products. Two particular attributes we are focusing on are the ability to take fixed rate positions, and higher variable risk exposures from a single asset pool. We are taking an approach that's tried and true in traditional financial markets called risk tranching.

Tranching risk allows investors to take targeted positions and exposure on yield producing assets. These financial assets are generally known as collateralized debt obligations, the most popular of which are mortgage backed securities.

Tranching is the process of subdivided a pool of assets into risk categories with different return profiles. Typically the more conservative and lower risk / lower return pools are called senior tranches and the more aggressive higher risk/ higher return pools are called junior tranches.

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Group899.png

1125x849

](https://github.com/BarnBridge/BarnBridge-Whitepaper/blob/master/images/Group899.png?raw=true)

Example of the tranced debt pool (for Illustration purposes only)

Barnbridge will be able to plug into AAVE to access variable yielding products from AAVE and other originators of debt products, we will then create pools of these debt yielding assets with similar attributes (terms, duration etc), and tranch them into higher risk and lower risk segments.

The end goal is to create derivatives that give liquidity providers a more diverse set of tradable products that meet their evolving needs. This should create more liquidity in the market for debt products and attract new capital into the defi space.

We're looking forward to community feedback.

References

- [Barnbridge Whitepaper](#)
- [Barnbridge Blog](#)
- [Barnbridge Discord](#)