

Summary

A proposal to:

- Increase cbBTC's borrow cap on Aave V3's Ethereum - Core instance

cbBTC (Ethereum-Main)

cbBTC has reached 99% borrow cap utilization and 64% supply cap utilization; its utilization rate is 4.3%.

[

image - 2024-12-08T181732.730

1614×190 22.1 KB

](https://europe1.discourse-cdn.com/flex013/uploads/aave/original/2X/7/7e55ddd56726b2e83a8dd6e1cdd946cb08ca2029.png)

[

image - 2024-12-08T181735.896

1640×548 47.5 KB

](https://europe1.discourse-cdn.com/flex013/uploads/aave/original/2X/d/d6cbd95a799c5c60803643b6915d2b8ebb66bfff.png)

Borrow Distribution

Borrows are somewhat concentrated, with the largest user borrowing 150 cbBTC out of a total of 358 cbBTC. This borrower has been actively managing their position, increasing their cbBTC borrows on December 3. The position's active management reduces liquidation risk.

[

image - 2024-12-08T181738.366

1614×662 51.9 KB

](https://europe1.discourse-cdn.com/flex013/uploads/aave/original/2X/a/ad45e0e3c48884f24ca5bc16f3e3a7f788bacf3b.png)

USDS and WBTC are the two most popular collateral assets against cbBTC, with the latter presenting very little risk because of the assets' correlation and the former being very liquid, making any potential liquidations low risk.

[

image - 2024-12-08T181740.960

1632×712 76.5 KB

](https://europe1.discourse-cdn.com/flex013/uploads/aave/original/2X/5/5721e8e3a8312c841fae8942bfd36395ccfd7273.png)

Liquidity

cbBTC's liquidity paired with WBTC has improved significantly since the start of November and is sufficient to support a borrow cap increase.

[

image - 2024-12-08T181743.066

1314×848 126 KB

](https://europe1.discourse-cdn.com/flex013/uploads/aave/original/2X/b/b2d09512b5644593a25fcb11de0bfa495c99dac2.jpeg)

Recommendation

Given user behavior and on-chain liquidity, we recommend doubling the borrow cap. This increase is backed by [Chaos Labs' risk simulations](#), which consider user behavior, on-chain liquidity, and price impact, ensuring that the higher cap does not introduce additional risk to the platform.

Specification

Chain

Instance

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

Main

cbBTC

13,000

-

360

720

Next Steps

We will move forward and implement these updates via the Risk Steward process.

Disclaimer

Chaos Labs has not been compensated by any third party for publishing this ARFC.

Copyright

Copyright and related rights waived via [CC0](#)