



# July 2022 Financials

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## What is Aave?

*"Aave is an open source and non-custodial liquidity protocol for earning interest on deposits and borrowing assets"*



# Monthly Highlight: Annualised Revenue



# Annualised Revenue

Based July's actual data and using a the May/June/July MoM compounding growth rate, the annualised revenue of the Aave Markets is \$13.4M. This includes all v1, v2 and v3 deployments.

These number do not include the revenue generating potential of GH0 nor the affect OP incentives could have on the Optimism deployment.

Aave's revenue YTD is \$15,997,827, which is greater than the forward looking \$13.4M annualised rate for the remainder of the year.

Do note, these numbers serve as a guide and reflect only the methodology applied.

## Ethereum Network



Annualised revenue  
**\$6.7M**

## Avalanche Network



Annualised revenue  
**\$5.9M**

## Fantom Network



Annualised revenue  
**\$15k**

## Optimism Network



Annualised revenue  
**\$11k**

## Polygon Network



Annualised revenue  
**\$455k**

## Harmony Network



Annualised revenue  
**\$350k**

## Arbitrum Network



Annualised revenue  
**\$23k**

## Total Annualised Revenue



Annualised revenue  
**\$13.4M**





# Financial Accounts



# Ecosystem Reserve

Aave Ecosystem Reserve over time



Price action across the crypto market has caused a decline in the Ecosystem Reserve since the beginning of 2022. This is a result of a concentrated AAVE holding within the treasury, reduced balance and market pricing.

During July, the AAVE price increased 73.1%. The balance currently stands at \$166m.

# Treasury Balance and Contract Information

## Treasury Information

Category	Value
AAVE Contract address	0x7fc66500c84a76ad7e9c93437bfc5ac33e2ddae9
Treasury Balance (USD)	\$215.3m

## Aave Token information

Category	Value
Name	Aave
Symbol	AAVE
Type	ERC-20
Holders	377,629
Current Price (USD)	\$98.01 - EOM price
Transfers Count	1,541,966
Senders	279,811
Receivers	367,938
Total supply	16,000,000
First transfer	2020-10-02
Latest transfer	2022-07-31

Disclaimer - all information stated above was correct as of 31st July 2022 using information from [coingecko.com](https://www.coingecko.com)



# Aave Treasury

A Detailed Holding Summary

Symbol	EOM Balance	Holdings
<i>TOKENS</i>	\$	%
AAVE	172,354,631.79	80.04
USDC	18,631,140.33	8.65
DAI	10,962,385.67	5.09
USDT	6,846,653.16	3.18
ETH	1,017,028.51	0.47
wBTC	535,977.62	0.25
wAVAX	687,799.08	0.32
wMATIC	803,768.39	0.37
CRV	616,018.93	0.29
Other Stables	1,938,932.88	0.90
Other Assets	950,329.79	0.44
<b>Total</b>	<b>215,344,666.16</b>	<b>100</b>



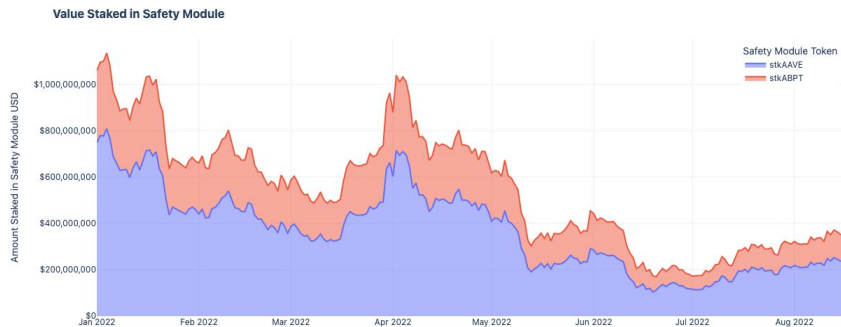
# Safety Module review



# The Safety Module

The Safety Module (SM) forms the backstop for AAVE which shields the users should a shortfall event occur. Users can stake either AAVE tokens or Aave Balancer Pool Tokens (ABPT) to earn 10.1% and 19.0% in the SM respectively. A Shortfall event is where capital is lost due to a failure of Aave smart contracts, Oracles or the liquidation process.

Stakers expose 30% of their staked tokens which can be used to cover the shortcomings in a shortfall event. This risk is rewarded by daily emissions of AAVE tokens. These payments are made from the AAVE ecosystem reserve.



**Emission rates are set by AAVE Governance.**

**Daily stkAAVE emissions**



**Daily stkABPT emissions**





# Detailed Profit or (Loss) Across All Markets



# Income Statement (January - July 2022)


	Q1 Total	April	May	June	July	YTD
Revenue	\$	\$	\$	\$	\$	\$
Ethereum - V1	4,570	12	860	-	-	5,442
Ethereum - V2	4,347,050	1,662,369	1,158,060	605,640	548,854	8,321,972
Ethereum - AMM	4,704	980	435	289	200	6,608
Ethereum - ARC	13,378	2,213	4,681	5,319	6,752	32,342
Ethereum - RWA	3,619	1,984	2,798	2,045	959	11,405
Avalanche - V2	2,271,234	484,925	70,568	16,948	5,658	2,849,333
Polygon - V2	1,878,298	149,671	115,414	44,127	27,763	2,215,272
Polygon - V3	801	5,493	20,376	19,082	10,163	55,916
Arbitrum - V3	542	1,921	3,231	4,643	1,880	12,217
Avalanche - V3	283	471,010	589,884	875,317	484,632	2,421,125
Fantom - V3	343	2,501	5,861	3,247	1,250	13,202
Harmony - V3	48	1,443	1,877	14,805	29,127	47,300
Optimism - V3	34	187	1,383	3,148	941	5,693
<b>Total Revenue</b>	<b>8,524,904</b>	<b>2,784,709</b>	<b>1,975,428</b>	<b>1,594,610</b>	<b>1,118,178</b>	<b>15,997,827</b>
<b>Cost of Sales</b>						
Liquidity Incentives	(18,339,154)	(4,740,269)	(3,222,393)	(836,611)	(569,025)	(27,707,451)
Staking rewards	(12,146,122)	(8,002,233)	(2,782,475)	(2,232,707)	(1,720,772)	(26,884,309)
Third party expenses	(4,852,934)	(847)	(6,423,069)	(3,015,276)	(2,465,890)	(16,758,016)
<b>Total Cost of Sales</b>	<b>(35,338,210)</b>	<b>(12,743,350)</b>	<b>(12,427,937)</b>	<b>(6,084,594)</b>	<b>(4,755,686)</b>	<b>(71,349,777)</b>
<b>Gross Profit/(Loss)</b>	<b>(26,813,307)</b>	<b>(9,958,641)</b>	<b>(10,452,509)</b>	<b>(4,489,984)</b>	<b>(3,637,508)</b>	<b>(55,351,949)</b>



# Tokenflow Statement



## Tokenflow Statement

	Q1	April	May	June	July	YTD
Economic Reserve	\$	\$	\$	\$	\$	\$
Inflows	-	-	-	-	-	-
Outflows	(47,598,774)	(12,743,350)	(9,221,394)	(3,069,388)	(3,971,524)	(76,604,430)
<b>Net Flows</b>	<b>(47,598,774)</b>	<b>(12,743,350)</b>	<b>(9,221,394)</b>	<b>(3,069,388)</b>	<b>(3,971,524)</b>	<b>(76,604,430)</b>
<b>All Other Reserves</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Inflows	8,482,042	2,197,618	2,288,645	1,182,781	560,979	14,712,065
Outflows	(1,092,347)	-	(3,206,543)	(3,449,391)	(786,760)	(8,535,040)
<b>Net Flows</b>	<b>7,389,694</b>	<b>2,197,618</b>	<b>(917,897)</b>	<b>(2,266,610)</b>	<b>(225,781)</b>	<b>6,177,025</b>



# Assets by Chain



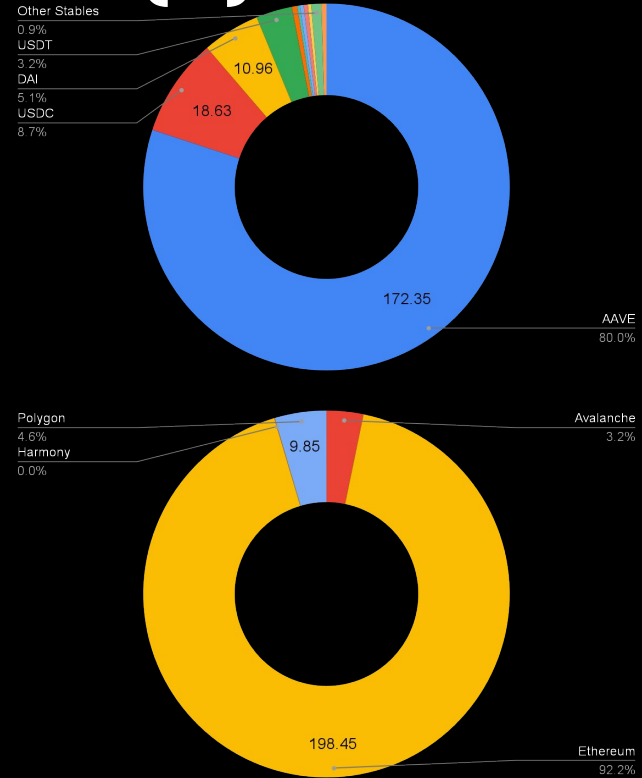


# Treasury Assets - All Networks USD (M)

Treasury assets across all networks have been included within the analysis and breakdown. We have split the treasury by asset and also by chain. This includes the following;

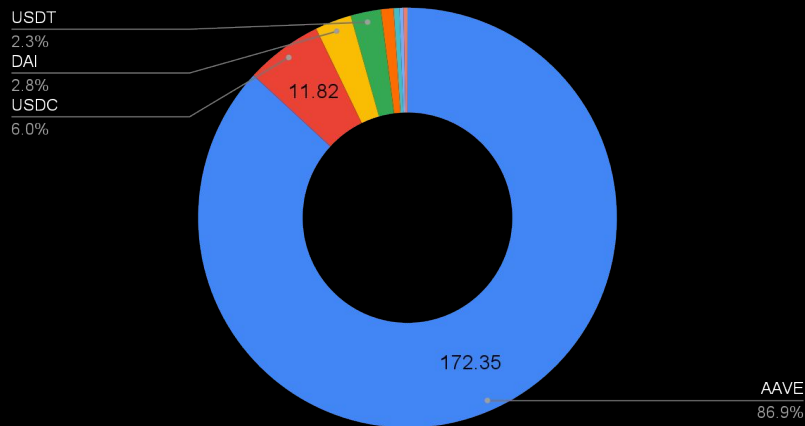
- Aave Ecosystem Reserve
- Arbitrum
- Avalanche
- Fantom
- Harmony
- Optimism
- Polygon

The treasury composition is largely Aave (**80%**) and stablecoin assets (**17.9%**). With the increase in AAVE token price the % allocation in the treasury in stablecoins has reduced, however the \$ value of stablecoin assets has remained relatively constant since the end of June.

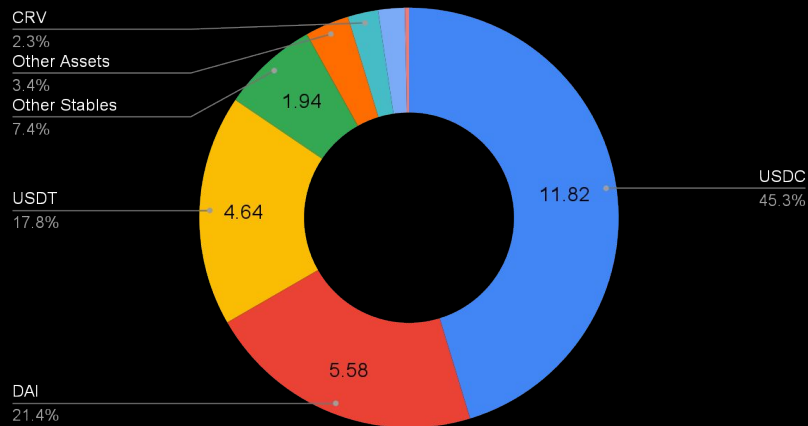


# Assets by Network - Ethereum (\$M)

Ethereum Network Reserve incl. Ecosystem Reserve % (\$)

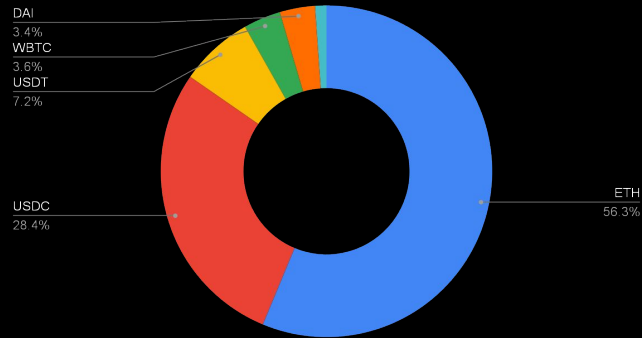


Reserve Factor Holdings % (\$)

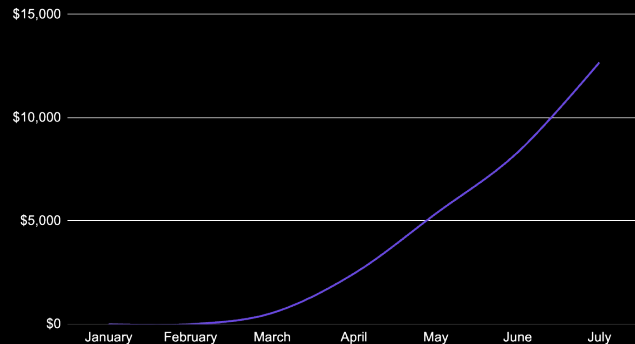


# Assets by Network - Arbitrum

Arbitrum Network Reserve % (\$)



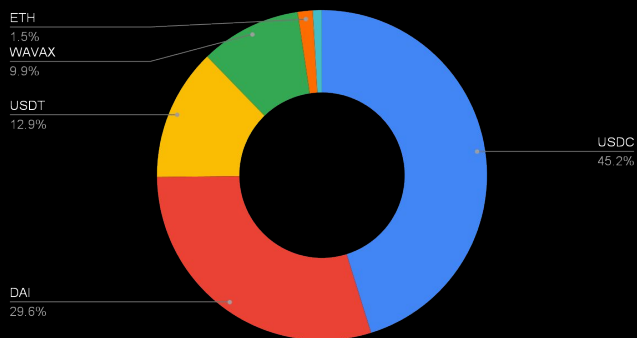
Arbitrum Reserve over time (EOM \$ Value)



Symbol	EOM Balance	Increase/(Decrease) from June
<b>TOKENS</b>	\$	%
ETH	7,136.70	80.68
USDC	3,596.88	17.92
USDT	911.46	47.90
WBTC	458.95	109.04
DAI	436.92	9.04
Other Assets	141.16	72.44
<b>Total</b>	<b>12,682.07</b>	

# Assets by Network - Avalanche

Avalanche Network Reserve % (\$)



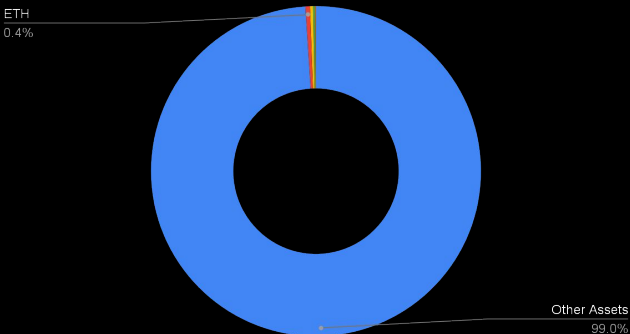
Avalanche Reserve over time (EOM \$ Value)



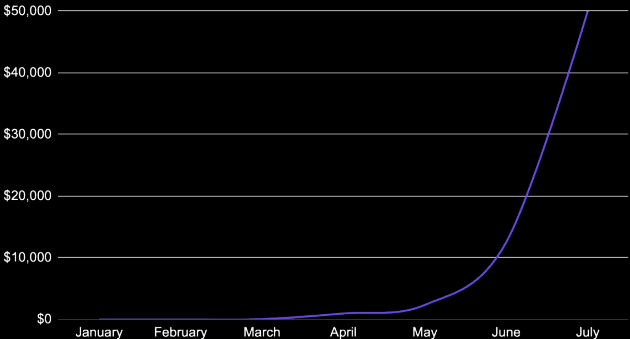
Symbol	EOM Balance	Increase/(Decrease) from June
<b>TOKENS</b>	\$	%
USDC	3,148,356.07	7.89
DAI	2,063,696.57	3.29
USDT	901,411.67	20.55
WAVAX	687,799.08	48.82
ETH	102,426.67	58.92
WBTC	61,574.83	26.23
Other Assets	1,132.72	39.57
AAVE	28.31	72.15
<b>Total</b>	<b>6,966,425.92</b>	<b>100</b>

# Assets by Network - Harmony

Harmony Network Reserve % (\$)



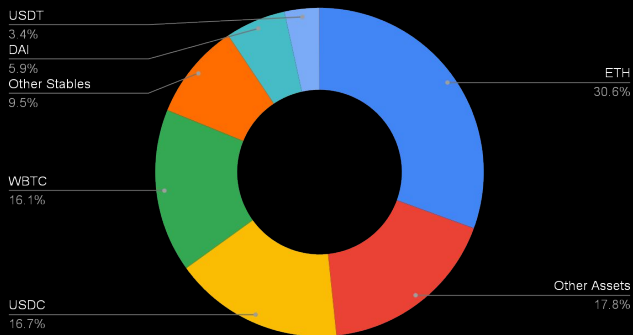
Harmony Reserve over time (EOM \$ Value)



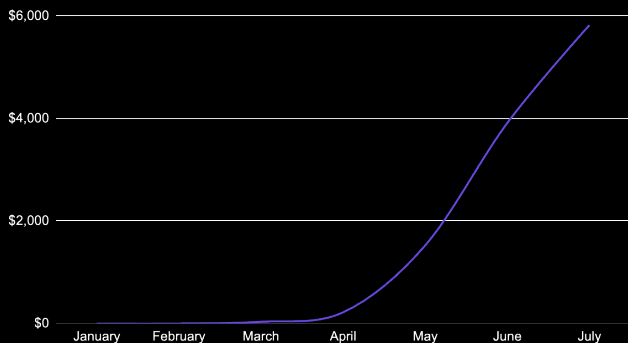
Symbol	EOM Balance	Increase/(Decrease ) from June
<i>TOKENS</i>	\$	%
Other Assets	49,482.37	306.51
ETH	219.36	59.19
USDC	152.26	41.05
WBTC	89.78	58.70
USDT	42.34	0.88
DAI	8.54	0.09
Total	49,994.65	

# Assets by Network - Optimism

Optimism Network Reserve % (\$)



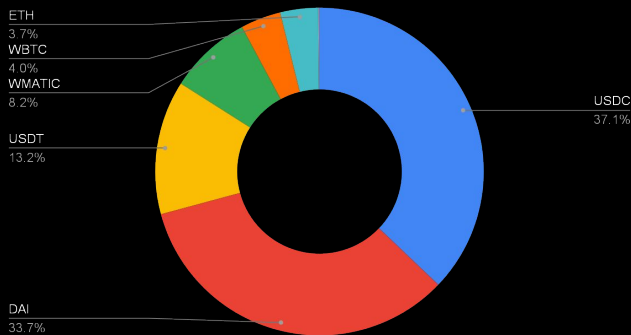
Optimism Reserve over time (EOM \$ Value)



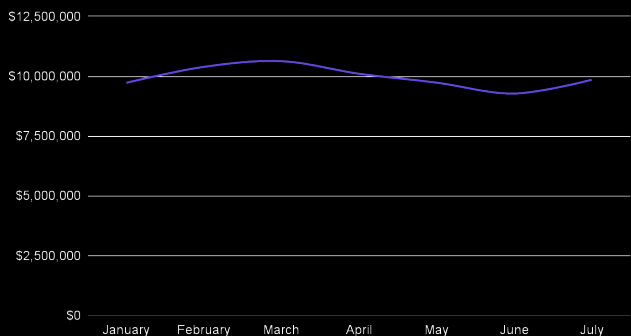
Symbol	EOM Balance	Increase/(Decrease) from June
<b>TOKENS</b>	\$	%
ETH	1,780.03	61.89
Other Assets	1,035.92	32.48
USDC	973.23	66.83
WBTC	937.36	18.61
Other Stables	551.84	148.35
DAI	345.64	23.23
USDT	199.00	27.99
AAVE	1.48	71.38
<b>Total</b>	<b>5,833.50</b>	

# Assets by Network - Polygon

Polygon Network Reserve % (\$)



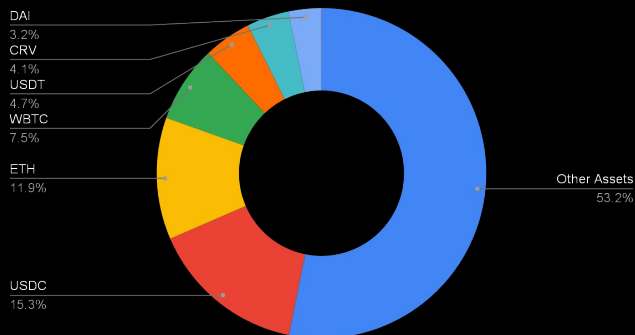
Polygon Reserve over time (EOM \$ Value)



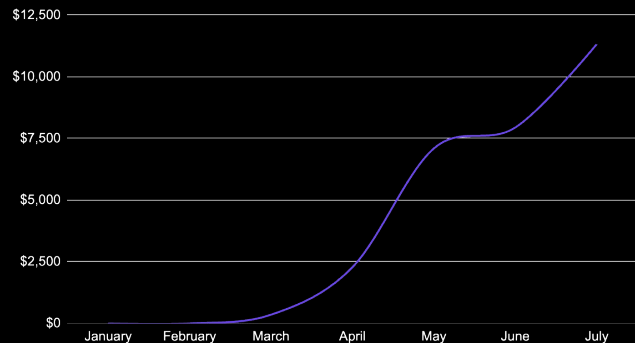
Symbol	EOM Balance	Increase/(Decrease) from June
<i>TOKENS</i>	\$	%
USDC	3,658,106.01	(0.38)
DAI	3,315,652.25	(0.45)
USDT	1,301,981.00	(0.20)
WMATIC	803,768.39	101.45
WBTC	390,402.90	18.69
ETH	367,752.95	57.85
Other Assets	7,704.24	55.09
CRV	3,451.55	115.53
Other Stables	1,096.64	19.24
AAVE	601.66	71.98
Total	9,850,517.59	

# Assets by Network - Fantom

Fantom Network Reserve (\$)



Fantom Reserve over time (EOM \$ Value)



Symbol	EOM Balance	Increase/(Decrease) from June
<i>TOKENS</i>	\$	%
Other Assets	6,020.43	55.90
USDC	1,736.20	10.01
ETH	1,353.12	59.86
WBTC	848.41	17.91
USDT	530.27	25.68
CRV	469.25	138.26
DAI	363.84	14.78
AAVE	2.77	71.46
Total	11,324.29	



# Notes to Financial Statements

## Income

Income includes:

- Protocol fees received - Reserve Factor income for V1, V2, AMM, ARC & RWA, Liquidations income from V3
- Protocol fees accrued - Reserve Factor income for V3 - these are accrued in the V3 contracts rather than an explicit token transfer as per earlier versions. These fees are harvested by Aave manually via `MintToTreasury()` calls. V3 fees are only shown as accrued fees in the income statement, and become tokenflows when a `MintToTreasury()` is called (see `May tokens_in` on Avalanche V3)
- aToken interest accrued - aTokens held by treasury contracts attract interest the same as a normal user deposit in Aave

## Expenses

Expenses include:

- LM rewards paid in AAVE tokens from the V2 Incentives Controller contract on deposits & borrows in Aave V2
- Staking rewards paid in AAVE tokens to `stkAAVE` holders, paid from the Ecosystem Reserve
- Staking rewards paid in AAVE tokens to stakers of the Balancer Pool tokens in the Safety Module, paid from the Ecosystem Reserve
- Direct payments from the Treasury contracts to third parties (BGD, Aave Grants DAO etc), paid in aTokens or other denominations (USDC etc). These are tagged as 'Aave V2' below as they normally come from the Aave V2 Treasury contract.
- Direct payments from the Ecosystem Reserve to third parties (BGD, Aave Grants DAO etc), paid in AAVE tokens

Expenses do not include LM rewards on other chains (`wMATIC` on Polygon, `wAAVE` on Avax, `wCFG` on RWA etc) as these are funded by third parties to drive liquidity onto their platforms.

Please note that staking and LM rewards reported are only those which are *claimed* in that period, and do not include future liabilities that are accrued and not yet claimed. This may be incorporated in later reporting cycles if there is demand.

## Appendix - Wallet address' used

Arbitrum	Aave V3	0x053D55f9B5AF8694c503EB288a1B7E552f590710
Avalanche	Aave V2	0x467b92aF281d14cB6809913AD016a607b5ba8A36
Avalanche	Aave V3	0x5ba7fd868c40c16f7aDfAe6CF87121E13FC2F7a0
Ethereum	Aave AMM	0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c
Ethereum	Aave ARC	0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c
Ethereum	Aave RWA	0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c
Ethereum	Aave V1	0xE3d9988F676457123C5fD01297605efdD0Cba1ae
Ethereum	Aave V1	0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c
Ethereum	Aave V2	0x464C71f6c2F760DdA6093dCB91C24c39e5d6e18c
Ethereum	Ecosystem Reserve	0x25F2226B597E8F9514B3F68F00f494cF4f286491
Ethereum	V2 Incentives Controller	0xd784927Ff2f95ba542BfC824c8a8a98F3495f6b5
Fantom	Aave V3	0xBe85413851D195fC6341619cD68BfDc26a25b928
Harmony	Aave V3	0x8A020d92D6B119978582BE4d3EdFdC9F7b28BF31
Optimism	Aave V3	0xB2289E329D2F85F1eD31Adbb30eA345278F21bcf
Polygon	Aave V2	0x7734280A4337F37Fbf4651073Db7c28C80B339e9
Polygon	Aave V3	0xe8599F3cc5D38a9aD6F3684cd5CEa72f10Dbc383

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