PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Aave (AAVE)

Last updated on September 4, 2026

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading AAVE. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Summary for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Aave and how does it work?

Aave is a decentralized, non custodial liquidity protocol that lets users supply crypto assets to earn yield and borrow other assets against collateral across multiple blockchains. The protocol also issues GHO, an overcollateralized stablecoin, and offers staking through its Safety Module. Aave has operated on the Ethereum network since 2020 and is one of the largest lending protocols in decentralized finance. It is governed by its community through the Aave DAO.

AAVE is the governance token of the Aave protocol. Holders can vote on governance proposals or delegate their voting power, stake AAVE in the Safety Module to help secure the protocol and earn rewards, receive reduced GHO borrowing rates when staking, and supply AAVE as collateral or into liquidity pools to earn yield.

Who is behind the project?

Aave was founded by Stani Kulechov, who launched the project as ETHLend in 2017 before it was rebranded to Aave. Stani Kulechov serves as the chief executive officer.

Tokenomics of Aave

AAVE is the protocol's governance and safety-module token. The maximum supply is capped at 16 million AAVE, of which approximately 15,427,171 were in circulation as of September 4, 2026.

Holders can:

Vote on proposals, parameter changes and new deployments;

Stake AAVE in the Safety Module to backstop shortfalls, stakers earn protocol-fee distributions.

AAVE derives value from its finite supply, governance rights and the option to earn yield by underwriting protocol risk.

General Risks

Like all other digital assets, there are some general risks to investing in *AAVE*. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken's Risk Statement.

Risks specific to Aave

Competition

The Aave protocol faces competition from other decentralized finance lending protocols such as Compound, MakerDAO, Morpho, and others. AAVE's value derives from its broader adoption in the market. If the Aave protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of AAVE.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on AAVE and determined that AAVE is unlikely to be a security or derivative under UK securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of AAVE, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created AAVE;
- The supply, demand, maturity, utility and liquidity of AAVE;
- Material technical risks associated with AAVE, including any code defects, security breaches and other threats concerning AAVE and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with AAVE, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of AAVE, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to AAVE about whether AAVE, or generally about whether the type of crypto asset, is a security and/or derivative.

as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.