

Ω Olympus



Olympus Q4, 2022 Report

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Introduction

2022 was full of changes for Olympus Protocol, as well as the broader crypto ecosystem as a whole. Contributors kept their heads down, blocked out the noise, and worked together to build and deploy despite the broader market downturn. Most notably for stability, Olympus DAO built and launched Inverse bonds, Range Bound Stability, and the first phase of OHM Bonds. Olympus Protocol continued to provide transparency on the treasury dash and transparency page. Mint and Sync, Flex Loans, and a number of Grants were launched to increase the Utility of OHM. Olympus Pro spun off as Bond Protocol and has successfully raised funds to build out a range of products to complement Olympus-style bonds. The DAO faced adjustments in size, spend, and coordination over the last year, and is looking forward to 2023. With exciting projects in the pipeline, and a sustained effort towards transparency, you can expect that Olympus will continue to innovate and ship as market sentiment gradually shifts.*

The Olympus Council

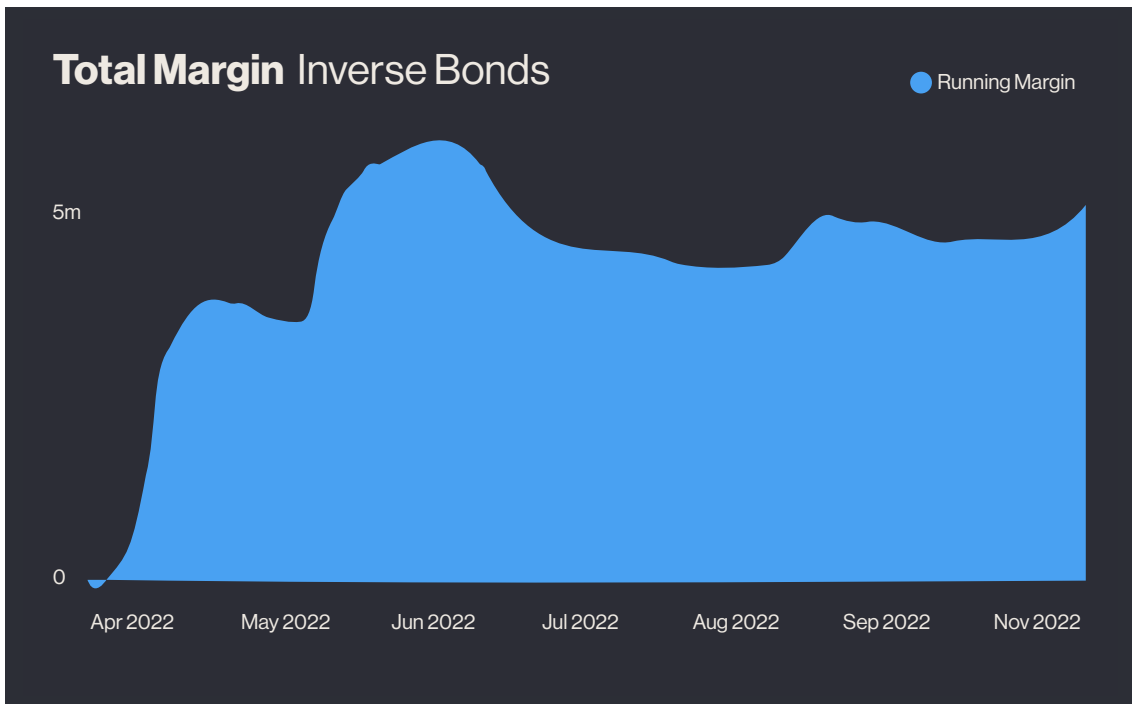
*Content in this report reflects Olympus DAO's current expectations of future performance. These forward-looking statements relate to and depend upon, among other things, future external events not controlled by Olympus DAO. While Olympus DAO may elect to update this roadmap at some point in the future, it specifically disclaims any obligation to update or revise any forward-looking statements contained herein whether as a result of new information or future events, except as may be required by applicable law. Nothing contained herein constitutes or will be deemed to constitute a forecast, projection or estimate of the future financial performance or expected results of Olympus DAO. The Council issuing this report was duly elected by Olympus DAO. As part of the Council's mandate, it is issuing this report to update the community about the current and future development of the Olympus ecosystem.

Treasury Update

Driving OHM’s Use as a Trusted Backing and Preserving its Purchasing Power

In 2022 the Treasury team launched the Treasury Dashboard, and since, has continued to monitor and update the dash. This provides community members, protocols and other Olympus stakeholders with clarity about OHM’s backing and the DAO’s Treasury activities, which is central to helping establish trust and confidence in OHM.

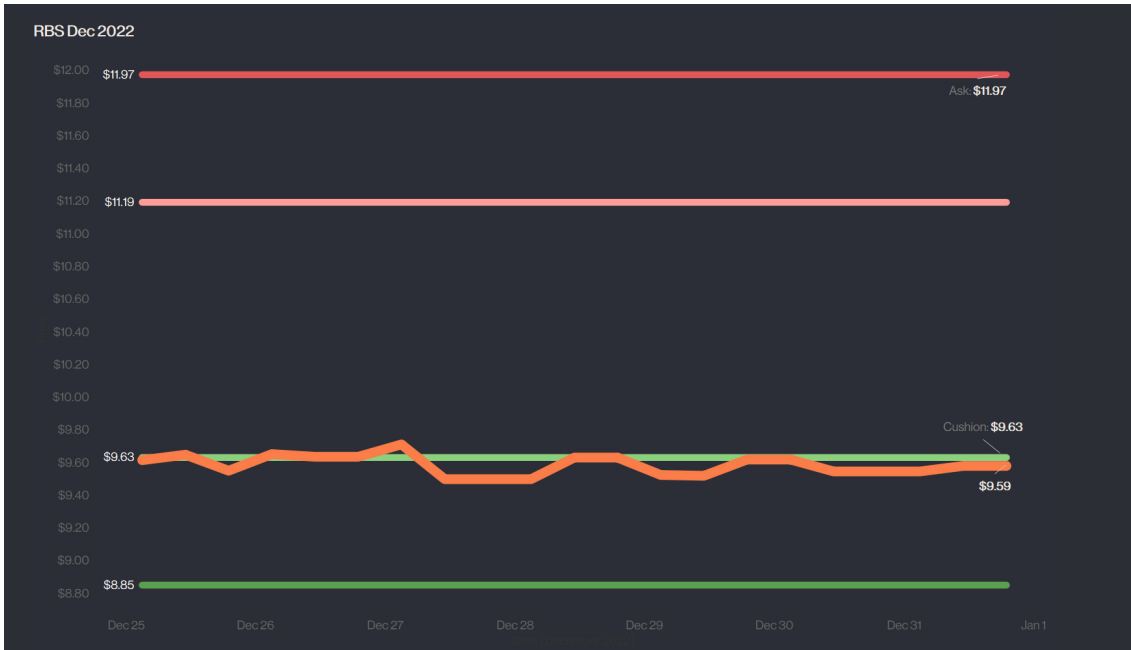
INVERSE BONDS



- In Q4, Treasury bought back 5482 gOHM for 13.6M DAI for an average price of \$2,487/gOHM.
- The Inverse Bonds program stopped running in mid-November after 7 months. During this time, the Treasury bought back a total of 32,500 gOHM for \$82,000,000 resulting in an average buyback price of \$2,524/gOHM.

The final realized profit margin of the Inverse Bonds program is \$4,550,000.

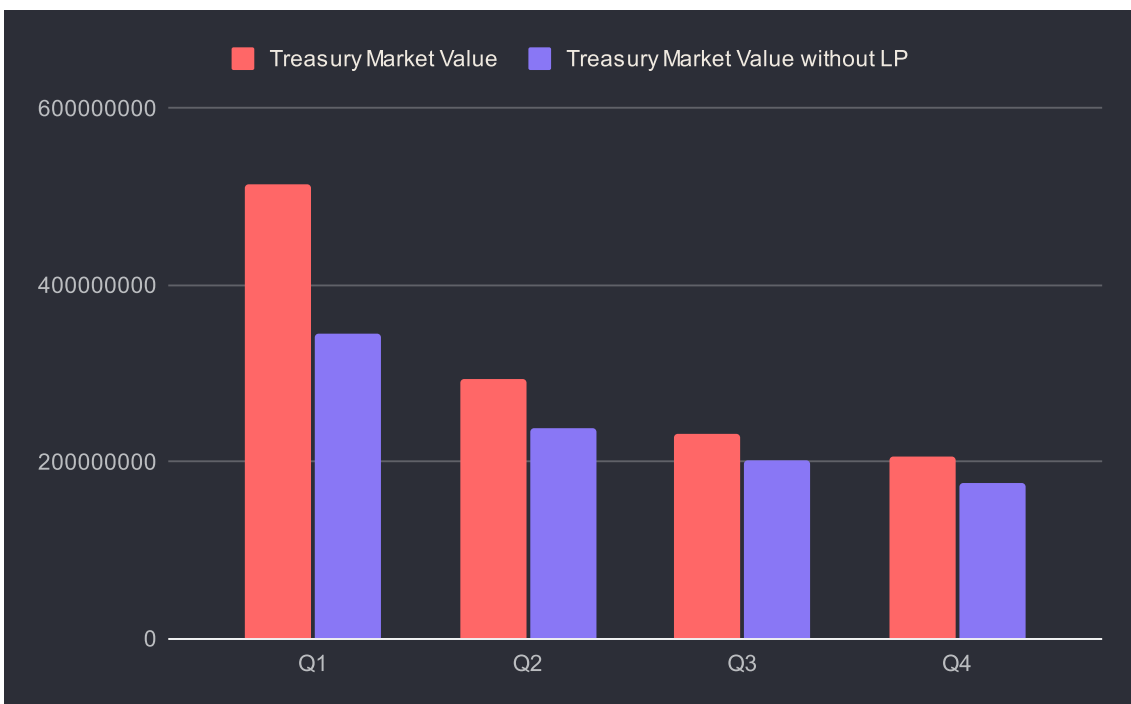
RANGE BOUND STABILITY



- At the end of Q4, the RBS target price was \$10.41 (liquid backing)
- OHM price (\$9.59) was just below lower cushion (\$9.63)
- 1,480,648 OHM were swapped for \$14,049,193 through the lower cushion markets since RBS launch.

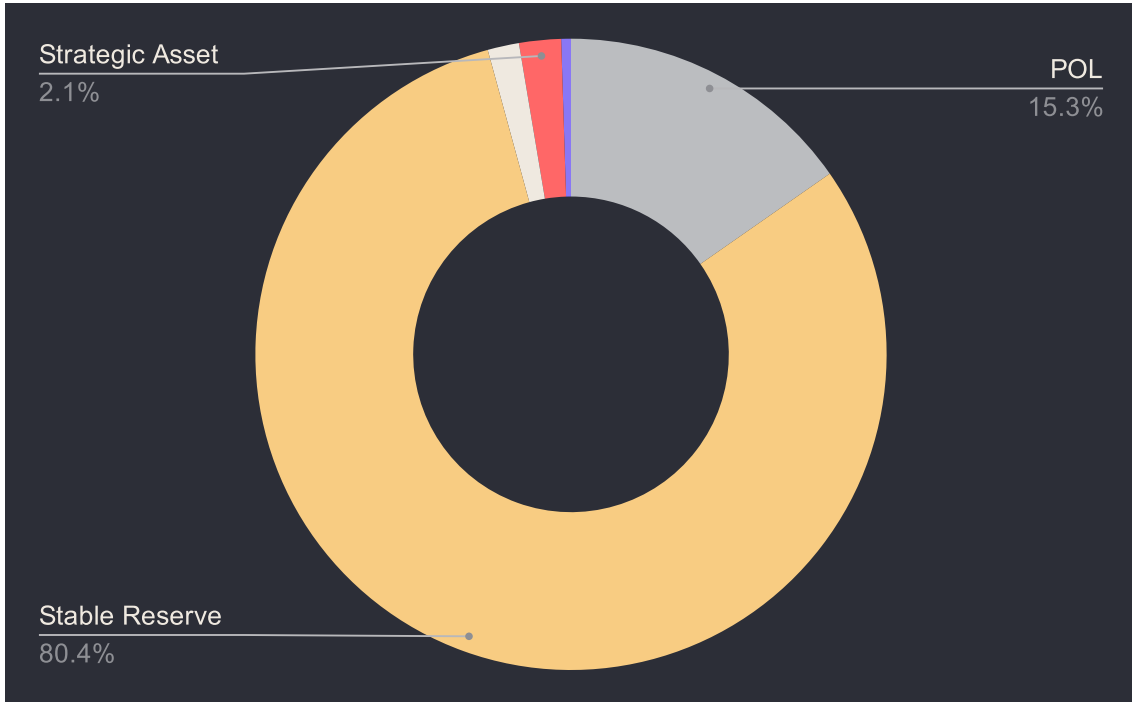
These market operations only occurred after the implementation of OIP-125, highlighting the necessity of tweaking the initial RBS parameters.

OLYMPUS TREASURY ASSETS

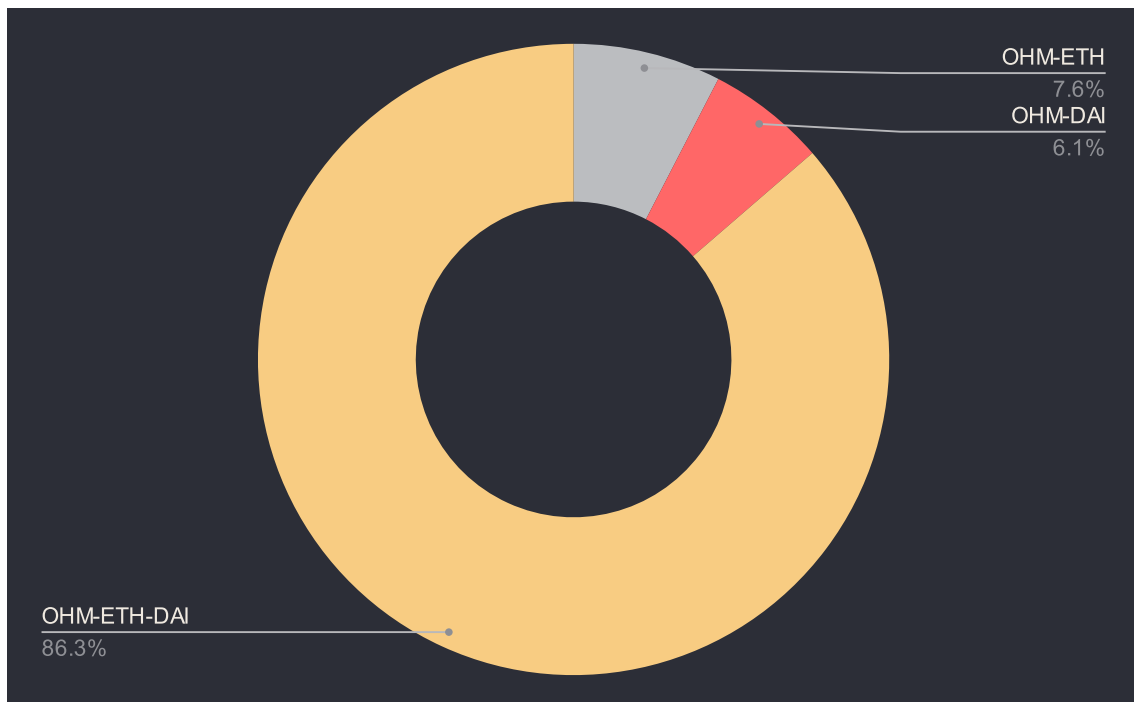


- Olympus Treasury ended 2022 with \$207M worth of assets compared to \$233.6M at the end of Q3.
- \$27.6M USD were used to buy back OHM through inverse bonds and Range-Bound System market operations in Q4 2022.

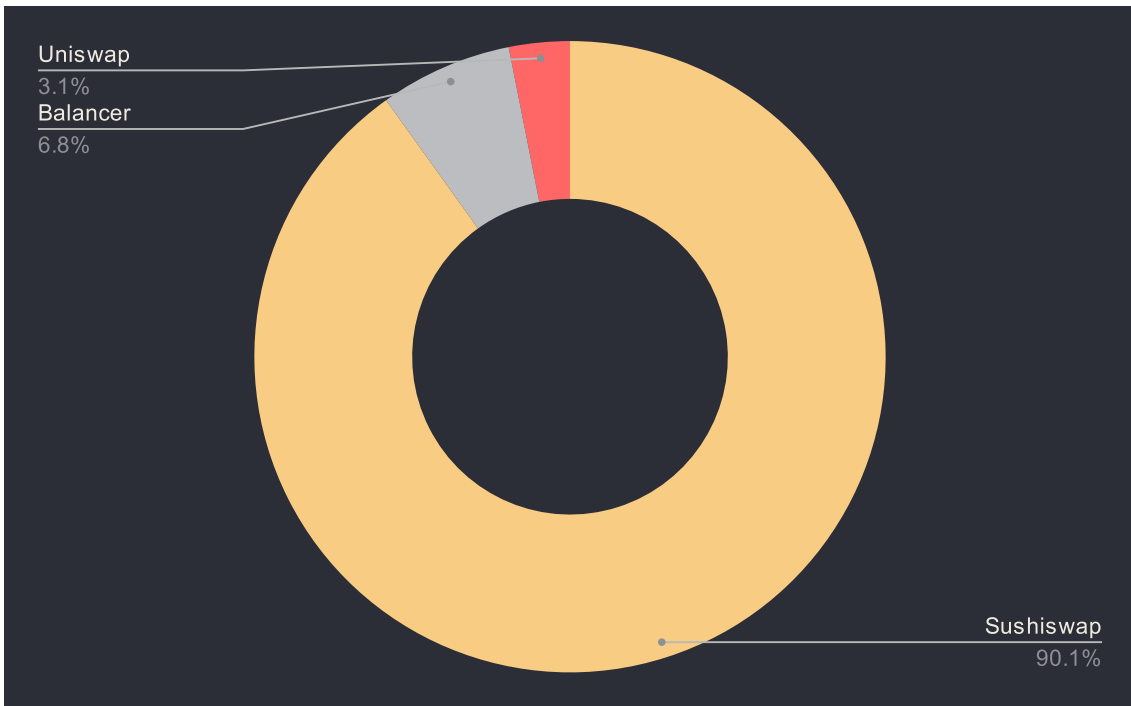
OLYMPUS TREASURY COMPOSITION



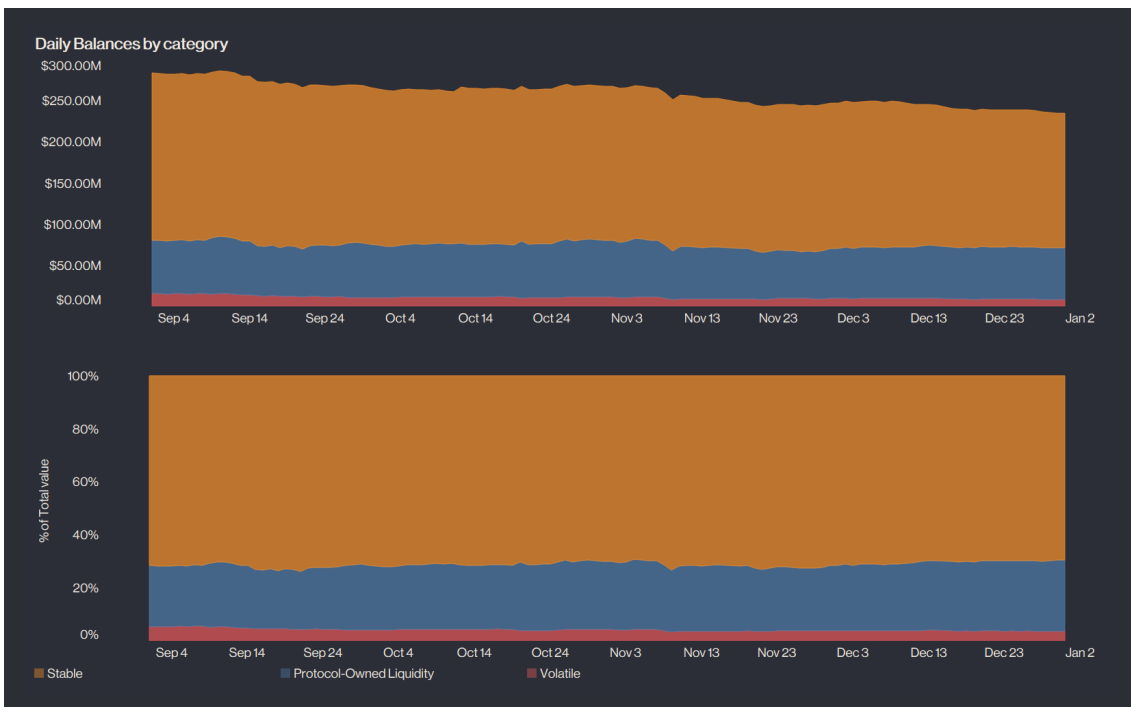
OLYMPUS' PROTOCOL-OWNED LIQUIDITY GENERATED \$265K FROM TRADING FEES IN Q4



OLYMPUS' PROTOCOL-OWNED LIQUIDITY GENERATED \$7.2M FROM TRADING FEES IN 2022



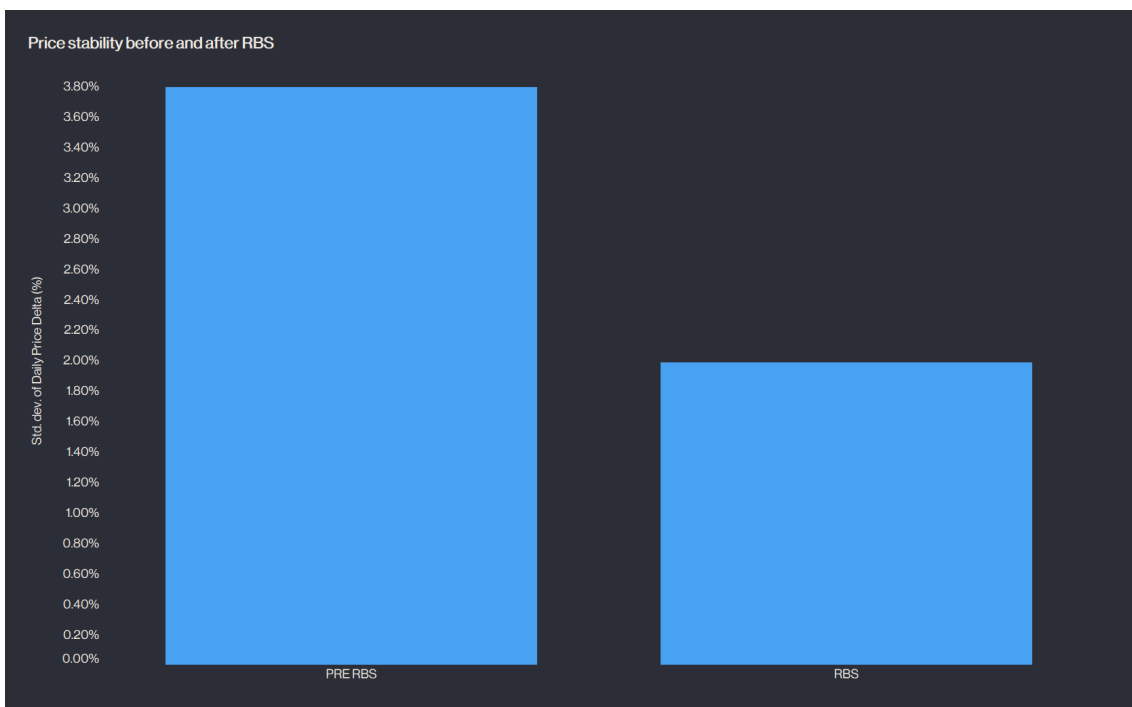
— Most of the volume (in \$ terms) flowing through POL occurred in January, with close to 60% of the annual trading fees generated during this month alone.



Stability of Liquidity over time



Stability of Price over time (above and below)



Policy Update

Hyper-Focused on Managing Volatility and Increasing OHM's Attractiveness as Trusted Backing

Key Points

Significant Q4 2022 activities and accomplishments:

- Inverse bonds program was shut off in mid-November, following the Range-Bound System launch. During the 7 months that inverse bonds were active, a total of 32,500 gOHM were bought back by Olympus Treasury in exchange for a total of \$82,000,000.
- Two weeks after the initial RBS launch, a few parameters were updated through OIP-125 with the objective of optimizing Treasury market operations. Notably, incorporating liquid backing logic into the system helped ensure incentives were better aligned between market participants and Olympus Treasury. Close to \$14M DAI were used to support OHM price through the lower cushions in Q4.
- OHM Bonds 2nd auction, launched in December, totaled 300K OHM distributed evenly over 3 tenors (30D, 90D, 180D). After the auction, the yield curve for these bonds was inverted as on an annualized basis, the 1-month bond is the highest yielding with an 115% APY, the 3-month bond offers a 50% APY & the 6-month bond a 32% APY. The most plausible reason for this is that bonders went for the bond yielding the most on a nominal basis, without taking into account annualized returns. Indeed, as these bonds are not being issued at a known frequency, bonders do not have the guarantee to be able to compound their position at maturity.

Term (mnts)	Settle Price	Yield	API
1	0.9379	6.62%	115.83%
3	0.9033	10.71%	50.20%
6	0.871008	14.81%	31.81%

- A new Treasury framework (OIP-121) was approved by the community with the main objective being to clearly delineate between Protocol Assets, that are to be used for market operations and monetary policy and DAO Assets, which are used to support OHM's growth, utility, and presence in the ecosystem.

Outlook

In 2023, the Policy Working Group will focus on:

- Liquidity pools for OHM bonds were launched early in 2023, thus enabling the capacity for the free market to dictate the price of the bonds throughout the entirety of their duration. This will provide important data points for Policy but also market participants, with the expectation that next auctions discounts should be lower than previous ones. Olympus DAO is also working with BlockScience to create a combined OHM bond + RBS simulation model, with the goal of understanding optimal capacities and potential impacts unlocks have on price.
- High capacity OHM bonds are not expected to be launched in the short term, as Policy is still working on a comprehensive emission model/framework that will encompass many different moving parts such as RBS, OHM Bonds, and AMOs.
- As some of the DAO-wide projects come to fruition in the coming months, Policy is looking into the impacts of minted protocol-owned OHM (from protocol AMOs). On one side, yet-to-be live protocol AMOs should take into account market risk from temporary increased supply and its potential impacts on RBS performance. On the other side, AMOs open up a new revenue stream for the protocol by earning yield from lending markets and/or liquidity pools.
- Policy will be looking to incentivize third-party liquidity provision to gather data on OHM's holders behavior. Since the reduction of the staking rate, providing liquidity with OHM might be interesting to some holders, depending on expected returns from trading fees & token incentives. Down the line, this could help scale OHM's utilization as a counter-asset without the need for Protocol-Owned liquidity. Having the ability to decrease/increase POL:Total Liquidity ratio could also be an interesting tool for the protocol in the future, especially in regards to the Treasury composition/risk profile.

Council Update

Drive DAO prioritization and alignment, further decentralization of DAO governance and operations, and oversee the broader econOHMy.

Key Points

Significant activities and accomplishments since the Q3 Council update include:

- Coordinated and executed an offsite strategy retreat to map out the strategy and execution plan for the next 6 months
- Continued immersion within Working Groups to improve communication and coordination- discussed results of strategy retreat and created clean way of tracking project progress as well as an improved setup for communication relating to these projects
- Continued to review DAO needs and contributor size related to the strategy discussions, currently there are roughly 32 paid contributors
- Collected and reviewed DAO feedback related to the DAO and Protocol as a whole
- Creation of the new compensation and goal-based bonus framework for 2023
- Continued tracking and reporting of expenses
- Review and testing of On Chain Governance proposal flow
- Provided input to the working groups responsible for executing community decisions
- Reviewed community OIP's when posted, and discussed implications with community members

Partnerships Update

Building Partnerships That Improve OHM Liquidity Across Chains and Attractiveness as a Collateral Asset

Key Notes

Significant Q4 2022 activities and accomplishments include the following launches within the below Partnerships OKR focus groupings:

- Liquidity (Flex Debt)
 - Redacted (1M)
 - Fiat DAO (3-400K)
 - Barnbridge (500K)
- Utility
 - Fraxswap
 - Fraxlend
 - Silo
 - Euler
 - Sudoswap
 - Swype
 - Whitelisted on Reserve
- Support Innovation
 - Worked with Elastic Finance and Alchemic World on Integrations

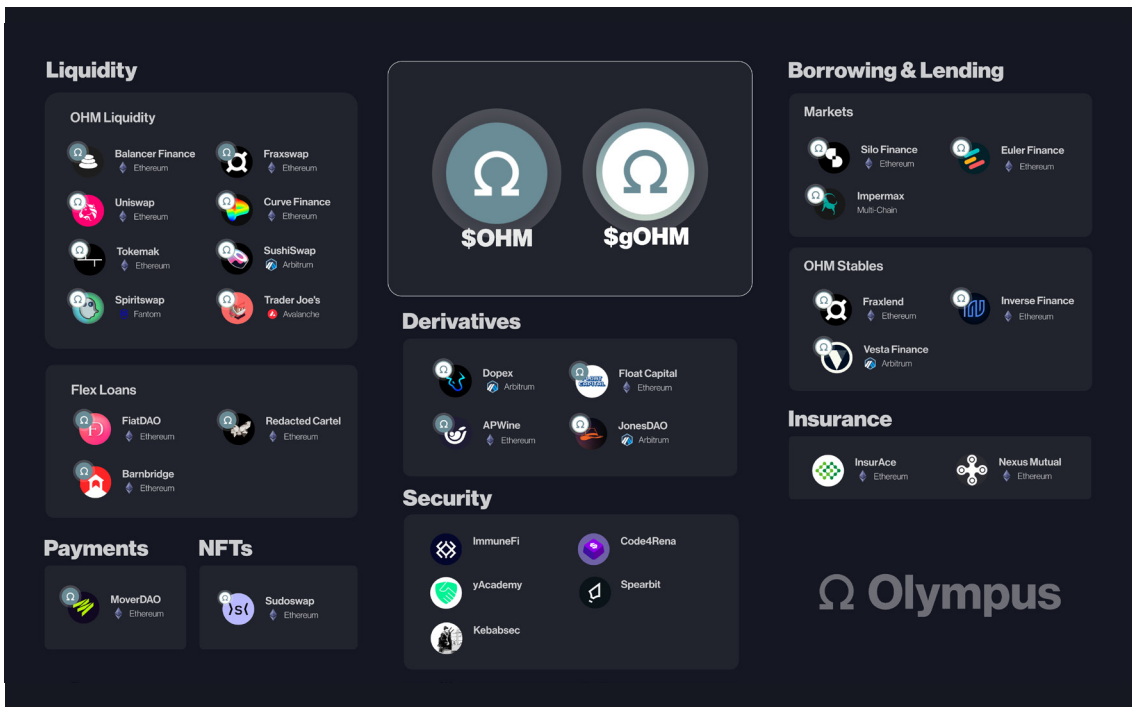
Outlook

Key priorities for partnership include:

- Credit Markets
- OHM Utility
- Developer & Investor Relations

Coming integrations include:

- Alchemix pending Governance on both ends
- Reserve Protocol



Grants Update

Accelerating OHM’s Use as a Unit of Account

It’s been one year since the Olympus community approved the creation of the Grants Program in OIP-55 ([forum](#), [snapshot](#)). OIP-55 stipulated that the grant program be run for a trial period of 3.3 months. The program was then renewed by community governance as part of OIP-90 ([forum](#), [snapshot](#)) and OIP-108 ([forum](#), [snapshot](#)). Participation in community governance of the Grants Program has been very strong; OIP-55 with 91.4K OHM (98.48% FOR), OIP-90 with 518K OHM (88.47% FOR), OIP-108 of 302K OHM (100% FOR).

Since launch, the Grants Working Group has successfully managed a reputable, resilient, and scalable grants program that has been able to expand and contract in response to changing market conditions. This can be seen via the active participation of thousands of individual community members during Gitcoin’s GR13 which featured an ecosystem round focused on OlympusDAO, alongside reputed protocols such as Uniswap and Polygon. Additionally, we have seen 1,000+ OHMies participate in Grants Twitter spaces and various launch events.

The Grants Program aimed to benefit Olympus and OHM by helping to support aligned protocols that drive OHM’s core mission of becoming Web3’s reserve currency and supporting key Olympus12 goals.

At this time it is the recommendation of the Grants Working Group that merging efforts with the Partnerships team would be the most effective use of resources to achieve further adoption of OHM use as a Unit of Account.

Grantee Achievement Highlights

Here are a few highlights Grants has enabled within the econOHMy since our public launch on 14th February 2022:

- Total of 32,714 OHM (worth 579,447 USD at time of sending, current value of 317,325 USD) awarded across 19 grants.
- High level successes:
 - Education
 - Artemis
 - Of 17 students trained, 2 have built on OHM with a total of 13 capstone projects done in the two bootcamps, from which 6 are being developed as real products to deploy on mainnet
 - Olympus Scholars Program
 - Asfi of WAGMI Labs says: “Our goal was to make interactive educational content that delivers comprehensible input in a low anxiety environment. A grant from Olympus helped us deliver on that and community feedback (big shout out to Relwyn) helped us improve our prototype a lot. We have signed on two more customers since then. Thank you Ohmies!”
 - Utility
 - MoverDAO
 - A non-custodial debit card that allows you to spend gOHM via MoverDAO (yes you are reading that correctly).
 - On the way to delivering an Olympus mobile payments App (think OHM Venmo). Majin never needing to leave OHM!
 - Infra
 - Playgrounds
 - Empowering users with on-chain data analytics tools which will help drive utility and adoption for Onchain Governance
 - Built data and metrics interface for Olympus Pro (now Bond Protocol) here’s a quote from Edgecaser, the Data and Metrics lead, “We contracted the PG Subgrounds team to build a data feed for Olympus Pro bond performance, which

- needed to be built in as short a time as possible. Their team showed utmost professionalism, discipline, and talent in their craft. They delivered on time and to spec; with impeccable documentation. I look forward to working with them again.”
- And then Edgecaser again from a more recent collab: “Playgrounds helped the Olympus Data and Metrics group monitor bond releases on day 1 with 5 minutes of setup. Their team made sure everything was up to snuff and problem-free. I would happily work with them again anytime.”
 - OHM-EPNS integration
 - Will enable information and updates to be sent to OHM token holders directly to EPNS (Ethereum Push Notification Service)-enabled wallets. According to the EPNS documentation: “EPNS is a notifications protocol which enables users (wallet addresses) to receive notifications. Using the protocol, any dApp, smart contract or service can send notifications to users (wallet addresses) in a platform agnostic fashion (mobile, web, or user wallets).”
 - EPNS will be immediately beneficial to the Olympus ecosystem, especially as we move towards on-chain governance.

Conclusion

Thank you for your time and continued support in 2022! Be sure to follow Discord announcements to stay up-to-date with new developments and launches. The bi-weekly community calls on Discord are also a great place to ask questions and connect with DAO contributors.

Appendix: Outflows and Governance

DAO Outflows

Q4 Expenses and Other Disbursements (USD)

	Actual Q4	Recurring Q4
DAO Contributor Payments	\$889,175.00	\$840,000.00
Services, Subscriptions, other Operational Costs	\$43,953.94	\$20,000.00
Audits	\$16,500.00	0
Legal Expenses	\$238,095.00	\$50,000.00
Total Disbursements	\$1,187,723.94	\$910,000.00

*As well as s \$31250 of Q4 grants contributor funding from a previously funded wallet

During 2022, OlympusDAO expenses and outflows continued to decrease.

Annual Expenses and Other Disbursements (USD)

	Actual 2022	Budgeted 2023
DAO Contributor Payments	\$6,749,374.39	\$5,200,000.00
Services, Subscriptions, other Operational Costs **	\$775,958.77	\$80,000.00
Audits	\$277,824.77	\$500,000.00
Legal Expenses	\$1,031,719.00	\$200,000.00
Operating Expenses	\$8,834,876.93	\$5,980,000
Grants Funding*	\$1,190,476.28	0
Zeus Reimbursement Per OIP [98]	\$115,000.00	0
Incubator Disbursements	\$219,750.00	0
Total Disbursements	\$10,360,103.21	\$5,980,000

*Includes \$137,750 of 2022 Grants contributor funding

**Budgeted 2023 does not include projected service costs

Governance Activity

During Q4 2022 Olympus continued to review governance participation. As we move towards On Chain Governance, current activity helps to shape the initial parameters that are being built into that system. During 2023, the DAO's focus will be on continuing to improve visibility of key votes by adding governance-related features directly in the main Olympus app.

