## Annex to the G7 Finance Ministers' Statement on Extraordinary Revenue Acceleration (ERA) Loan initiative, 25 October 2024

## Key features of the G7 "ERA Loan initiative" for Ukraine

1	Participants	G7 Members.
2	Overall amount resulting from the G7 ERA Loans	EUR 45 bn, approximately USD 50 bn.
3	Distribution among lenders of the overall amount of the loans	The distribution in absolute amounts will be as follows:  - European Union, EUR 18.115 bn - United States, USD 20 bn - Canada, CAD 5 bn - Japan, JPY 471.900 bn - UK, GBP 2.258 bn
4	Timing of entry into force of the bilateral loan agreements between each lender and Ukraine	By 30 June 2025.
5	Timing of loan disbursements to the benefit of Ukraine	Loans will be fully disbursed to the benefit of Ukraine between 1 December 2024 and 31 December 2027.
6	Conditionality of the loans	Policy conditions, where present, and transparency and accountability requirements for each loan will be coherent, taking into account the ones established by existing programmes, including the Ukraine Facility and IMF programmes.

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7	Disbursement vehicles and governance of disbursements	Each lender will identify the disbursement vehicle and its governance, while ensuring that the various vehicles and their governance act in a consistent and coordinated way, taking into account the financing needs of Ukraine, its absorptive capacity and the considerations regarding conditionality set forth above.
8	Repayment of the loans	The loans provided by each lender, both principal and interest, will be paid back using (1) at least 95% of the extraordinary profits received stemming from the Russian immobilized sovereign assets held in the European Union, and possibly in other G7 Countries, in line with G7 respective legal systems and international law, and (2) all other voluntary contributions.
9	Timing and criteria of distribution of the extraordinary profits	Extraordinary profits will be distributed to lenders twice a year and <i>pro rata</i> to the committed principal amount of each loan, independently of the amount and timing of loan disbursements to Ukraine made by each lender.
10	Correlation between the transfer of loan proceeds to Ukraine and the distribution of extraordinary profits	Until such time as 100% of the loan proceeds have been transferred to Ukraine, within 12 months following a lender's receipt of each distribution of extraordinary profits, the cumulative amount of proceeds transferred by one lender to Ukraine should at least be equivalent to the cumulative amount of the extraordinary profits received by such lender as of the date of such distribution.

11	Deployment of extraordinary profits in excess of the instalment due under the respective loan	In the event that the distributed profits in a period exceed the instalment (principal, interest) due under a loan in that period, the excess amount will (i) be used for early repayment of the principal or (ii) be stored by each lender as a buffer against future payments, with any interest thereon used to repay the respective loan.
12	Waterfall of payments due to the lenders, and residual risk	The loan's principal amount and interest will be repaid with the extraordinary profits, according to the above indicated distribution criteria. Consistent with our respective legal systems and all applicable laws, Russia's sovereign assets shall remain immobilized until Russia ceases its war of aggression and pays for the damage caused to Ukraine by this war.  Should there be a peace settlement in which Russia pays for the damages it has caused, the outstanding balances that cannot be covered by extraordinary profits shall be repaid by Ukraine to each lender. The modalities of that repayment will be agreed among the G7 lenders taking into account the need to ensure equal treatment amongst all lenders' claims.
13	Maturity of loans	Maturity of each loan will not be less than 30 years.
14	Interest rate of the loans	Interest rates may be fixed or floating and will not exceed the greater of (1) the lender's cost of funding or (2) the interest rate reasonably necessary to cover the lender's budgetary costs, as determined by each lender.
15	Currency	Each loan will be disbursed and repaid in each lender's legal currency unless Ukraine and the lender agree on a different arrangement. For the avoidance of doubt, the ULCM will make payments to lenders in Euros and each lender will be responsible for currency conversion and reporting.

16	Insufficient repayment of interest or principal	Each lender will use to the maximum extent tools available to avoid negative impact for Ukraine should the extraordinary profits be insufficient to cover the repayment of interest and principal. Prior to maturity if the amount a Lender has received in a payment period is insufficient to pay the accrued and unpaid interest as well as any scheduled principal as of such date, lenders may capitalize the remaining accrued and unpaid interest and add it to the lender's outstanding loan principal balance. Alternatively, a lender may continue to accrue interest indefinitely until it receives amounts sufficient to repay accrued interest. For the avoidance of doubt, any capitalization of interest by a lender will not affect the share of (i) extraordinary profits distributed to that lender by the ULCM, or (ii) repayments referred to in the last sentence of box 12.
18	Voluntary contributions	Should additional contributions be made to the ULCM, G7 lenders will have timely access to full and timely disclosure of information regarding all pledges of voluntary contributions, including the duration of the pledge.
19	Exchange of information and coordination	In order to ensure proper coordination and consistency among the ERA loans, the G7 members will continue to cooperate throughout the implementation of the ERA loans. This will include exchanging the drafts of each relevant loan documentation, as well as other associated documents to operationalise the loans, and discussing and resolving any feature to ensure consistency with this term sheet.