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Capital Flows from Russia — The Bigger Picture Revisited

In April 2019, a FREE Network policy brief, "Capital Flows from Russia — The Bigger Picture", used official data to show that around USD 700 billion had left Russia in the decade after the global financial crisis. This brief updates the picture with data through 2026. The outflows have almost doubled since then: USD 1.3 trillion has left Russia in net private capital since mid-2008, and more than USD 400 billion of it since the full-scale invasion of Ukraine. At the same time, the places where Russian money is visible in international statistics have changed. Deposits in Western banks are now mostly immobilised central bank reserves rather than (unrestricted) private money. Since Russia has stopped publishing where its foreign assets are, the gap between what has left and what can be traced has grown to around USD 1 trillion. Policymakers in the West should take notice; this money can be used for purposes other than investments made on regular market and business considerations.



Why revisit the bigger picture

When the 2019 brief was written, Russian money was in the news because of money laundering scandals, not least the one involving Danske Bank. These individual cases were part of a macro story with large and persistent private capital outflows that hurt investment and growth in Russia. These flows also exposed Western financial institutions to significant risks linked to illicit flows and breaches of money laundering regulations.

Russia's full-scale invasion of Ukraine in 2022 has changed the context of Russian capital flows. Sanctions have cut most Russian entities off from Western banks; around EUR 210 billion of the Bank of Russia's reserves have been immobilised in the EU; and the question of what to do with these assets has become central to the discussion on how Europe finances support for Ukraine (see, e.g., Olofsgård, 2025). Russian money abroad is no longer mainly a question of anti-money laundering compliance; it is also a question of war finance and security in Europe.

This brief uses the same public sources as the 2019 brief — the Bank of Russia's balance of payments, the BIS locational banking statistics, and the IMF's data on portfolio and direct investment positions — and asks what has changed. Although macro data cannot tell us whether capital flows are illicit from a Western point of view, it is still important to understand the order of magnitude of these flows to evaluate policy options.

Russian frozen assets affect interpretation

Frozen assets affect how the series used in this brief has developed in recent years, so it helps to

start with an account of what we know about frozen assets. Two different kinds of assets are involved. The first is the Central Bank of Russia's reserves, immobilised by the G7 and the EU in February–March 2022; both the G7 and the Bank of Russia put the total at around USD 300 billion. The second is the assets of sanctioned individuals and companies. The REPO Task Force of G7 countries and the European Commission reported more than USD 58 billion of such assets blocked or frozen by March 2023, its last aggregate figure. The distinction between these two types of assets matters because different legal frameworks govern sovereign versus private assets.

Remarkably little is published on where the Central Bank assets are. Only Belgium discloses details; the UK government has said that any release is a collective G7 decision, and Germany and Japan decline to give figures. Table 1 collects what is in the public domain.

Euroclear is by far the largest holder: at the end of June 2026, EUR 202 billion of its EUR 241 billion balance sheet related to sanctioned Russian assets, of which around EUR 185 billion is estimated to belong to the central bank. Most of the remaining EUR 25 billion or so in the EU is reported to be held in commercial banks in France and Belgium.

Frozen private assets are reported nationally; across the EU they exceed EUR 28 billion; the UK reported GBP 28.7 billion by May 2025, without separating out any sovereign holdings; and Switzerland CHF 7.4 billion. Much of this is property, yachts, and company stakes rather than bank deposits.

This matters for interpretation in three ways. First, immobilised reserves remain Russian assets in the statistics. They remain on the Bank of Russia's



Table 1. Immobilised Bank of Russia assets by jurisdiction (latest available)

Jurisdiction	Amount	Basis of figure
Belgium (Euroclear)	~EUR 185 bn (EUR 202 bn of all sanctioned Russian assets), June 2026	Company reports; estimate of central bank share
France	EUR 18–23 bn	Government statement 2022 (EUR 22.8 bn); FT reporting 2025
Japan	EUR 25–30 bn	Independent estimates; not disclosed
Switzerland	CHF 7.45 bn (~EUR 8 bn)	Official (SECO)
Luxembourg	Below EUR 10,000	Official
UK, US, Canada, Germany	n.a.	Not disclosed
EU total	~EUR 210 bn	Council Regulation 2025/2600

Source: Euroclear half-year results 2026; Euronews (Nov 2025); FT; SECO; PISM (2025); Council of the EU; author's compilation.

balance sheet and in BIS claims on banks in Belgium, France or elsewhere.

Second, private Russian investors also have assets stuck in the West. After the EU sanctioned Russia's National Settlement Depository (NSD) in June 2022, the Bank of Russia estimated that about RUB 5.7 trillion (over EUR 58 billion) of Russian-held securities were blocked at Euroclear and Clearstream. By late 2025, Governor Nabiullina said about half had been unblocked, partly through asset swaps. Blocking and unblocking of this kind can move recorded portfolio positions without any decision by the holder to move money abroad.

Third, frozen assets are increasingly contested in court, with mirrored exposure in Russia. The Bank of Russia has asked the EU General Court to annul both the indefinite immobilisation adopted in December 2025 and the 2026 framework for the EU loan to Ukraine. In May 2026, the Moscow Arbitration Court awarded the Bank of Russia RUB 18.2 trillion (about EUR 200 billion) against Euroclear, a ruling upheld on appeal in July. More than 100 private Russian claims worth around RUB 200 billion have also been brought against

Euroclear in Russian courts, and some have been paid from Euroclear's blocked type-C accounts at the NSD. Sanctioned investors have brought investment-treaty claims of about USD 62 billion, including Mikhail Fridman's USD 16 billion claim against Luxembourg, the largest single amount on record. Russian rulings cannot be enforced in the EU, but Western assets still in Russia — the blocked accounts and Russian subsidiaries of European banks, the largest being Raiffeisen with about USD 24 billion in assets — are possible targets.

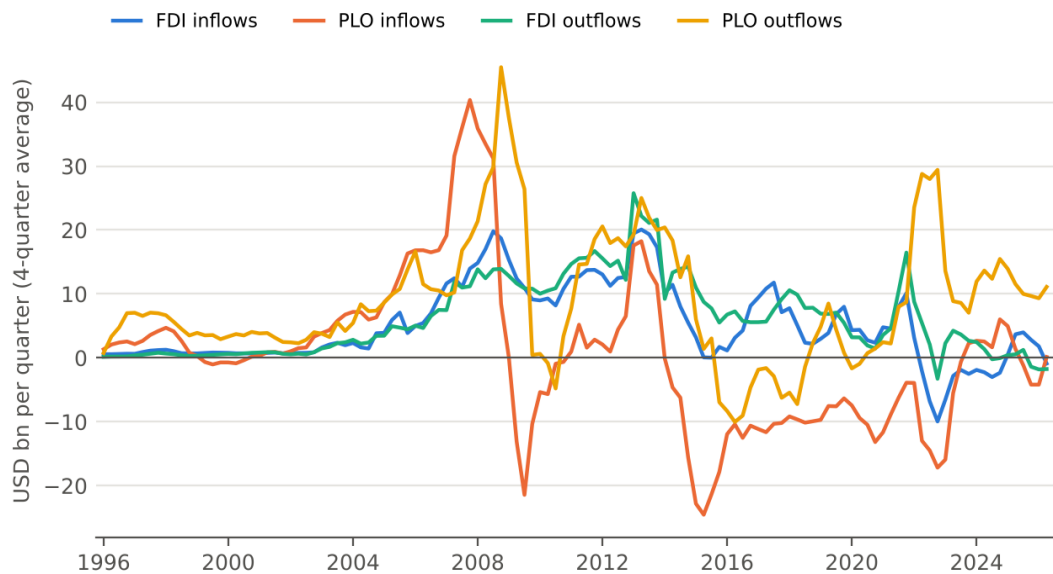
Composition of capital flows

Private capital flows are split into foreign direct investment (FDI) and portfolio, loans and other investment (PLO), with errors and omissions (E&O) capturing what is not recorded. Figure 1 extends the series from the original brief to mid-2026.

The pattern noted in 2019 — inflows and outflows moving together — broke down in 2022. PLO outflows jumped to around USD 30 billion per quarter as Russian residents moved money out after the invasion, while PLO inflows turned sharply negative as foreign lenders and investors were



Figure 1. Capital flows to and from Russia (USD bn per quarter, 4-quarter average)



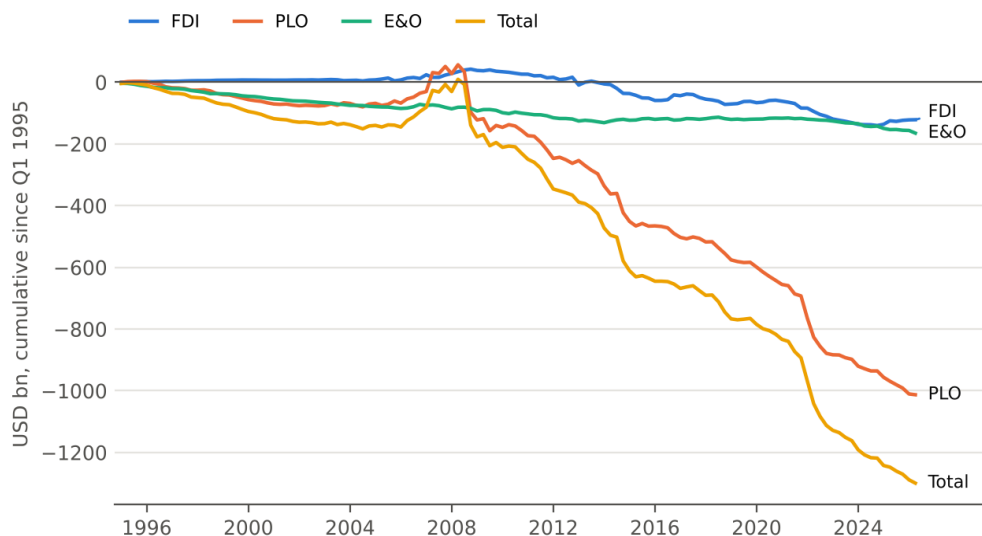
Source: Bank of Russia, balance of payments standard components, and author's calculations. Private sector = all sectors excluding general government and reserve assets; the Bank of Russia now reports the central bank together with commercial banks, so central bank non-reserve flows are included.

repaid or withdrew. FDI inflows also turned negative in 2022–23 as Western companies exited Russia. Since 2023, inflows have been close to zero while PLO outflows have continued at around USD 10 billion per quarter.

Cumulative capital flows

By mid-2026, USD 1.3 trillion in net private capital had left Russia since 1995. Figure 2 accumulates net flows (inflows minus outflows) in each category. PLO accounts for USD 1,013 billion of the

Figure 2. Net private capital flows (USD bn, cumulative since Q1 1995)



Source: Bank of Russia, balance of payments standard components, and author's calculations.



total, FDI for USD 121 billion, and unrecorded outflows in errors and omissions for USD 165 billion.

The 2019 brief reported that USD 700 billion had left Russia between the global financial crisis and mid-2018, while in this update, that figure is now at USD 1.31 trillion. The war marks a second break in the series, comparable to 2008. Since the end of 2021, USD 406 billion has left, and the four quarters to the end of 2022 saw a net outflow of USD 219 billion, the largest on record. The consequences of these outflows for Russia are the same as before (but larger): less investment means lower growth in Russia.

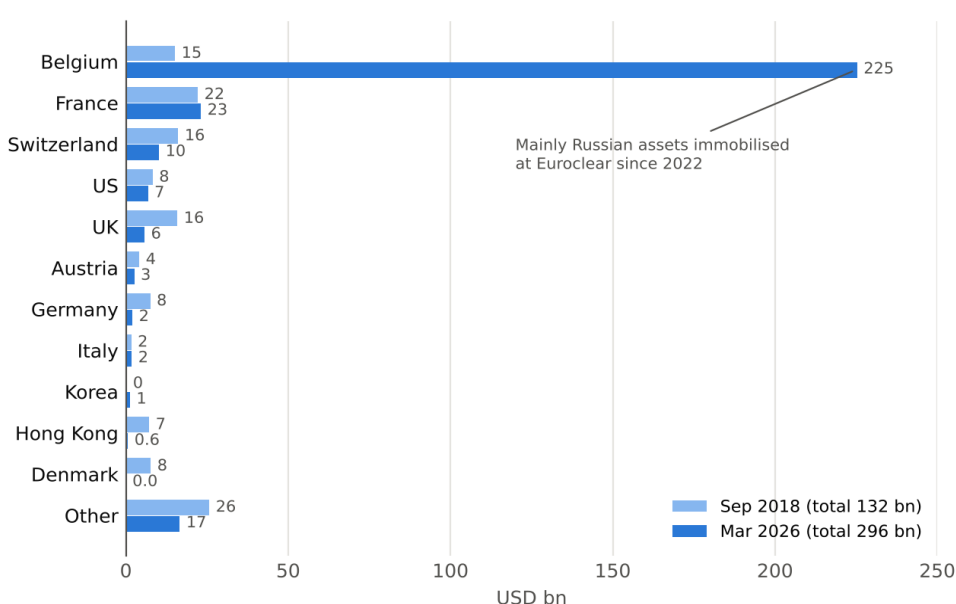
Destinations: deposits in Western banks

Russian claims on BIS-reporting banks have more than doubled, from USD 132 billion in September 2018 to USD 296 billion in March 2026 — but the increase is frozen central bank money, not private

deposits. Although this is not evident from this data itself (it does not separate central bank and private banks and does not record if assets are frozen), the numbers match what we know from other sources about frozen assets. Belgium alone accounts for USD 225 billion, up from USD 9 billion at the end of 2021 (Figure 3). The timing and size match the Russian assets immobilised at Euroclear, around EUR 200 billion in early 2026.

Excluding Belgium, Russian deposits in BIS reporting banks fell from USD 116 billion to USD 71 billion. Figure 3b shows how this happened country by country. The UK fell by about three-quarters, mostly before 2022. US banks saw a spike to about USD 44 billion around the invasion before dropping to USD 7 billion. Switzerland, Germany and Hong Kong all fell sharply after 2022. Although we cannot say for sure in every case, it was likely a response to fears of further sanctions. In other words, funds were withdrawn from these banks while it was still possible.

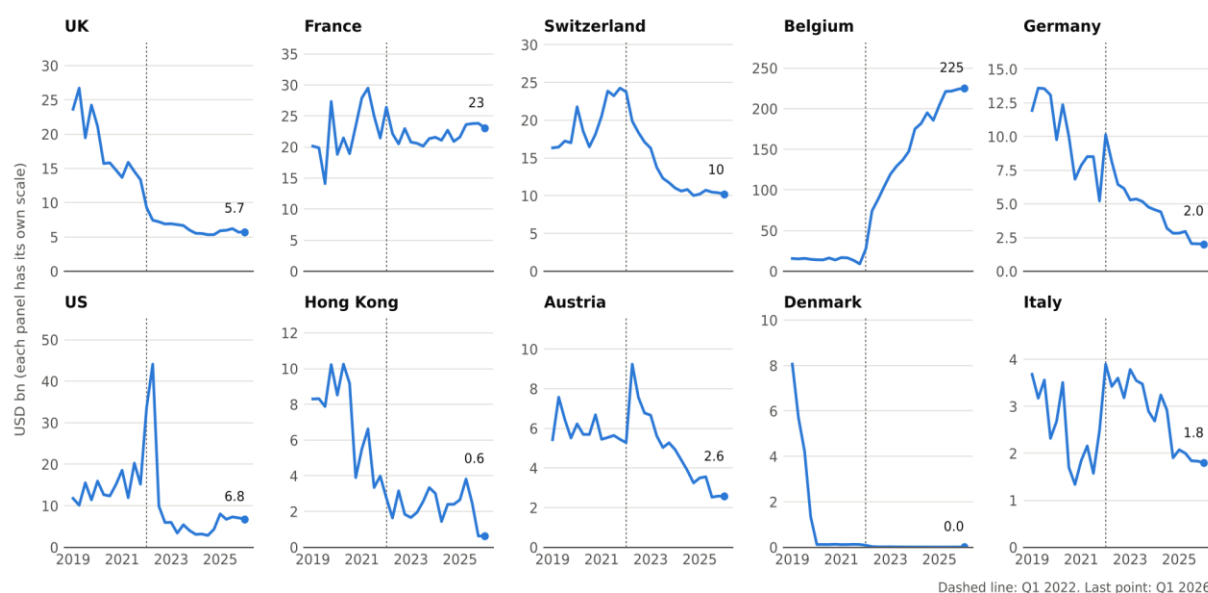
Figure 3. Russian claims on BIS reporting banks, by location of the bank (USD bn)



Source: BIS Locational Banking Statistics, and author's calculations.



Figure 3b. Russian claims on BIS reporting banks, top 10 countries in 2019 (USD bn, each panel has its own scale)



Source: BIS Locational Banking Statistics and author's calculations. Dashed line: Q1 2022.

Danish data—highlighted in the 2019 brief because of the Danske Bank scandal—tells a different story. Russian deposits in Danish banks fell from USD 8 billion in September 2018 to almost zero, and nearly all of the drop happened between early 2019 and early 2020 — well before the sanctions of 2022. Once the scandal broke, the flows stopped since Danske Bank took actions to prevent flows that could be connected to money laundering schemes.

France is another special case since Russian claims on French banks stayed at USD 20–25 billion throughout. About 98 percent is owed to Russian banks, again, a BIS category that includes the central bank, and the level is very close to the roughly EUR 22 billion of Bank of Russia assets that the French government reported as immobilised in 2022. However, if the frozen assets are not in banks that report to the BIS, the interpretation of what has happened in France would of course be very different.

Frozen assets of sanctioned *individuals* play only a minor role in these numbers. French banks owe just USD 0.56 billion to Russian non-banks, and Italian banks USD 0.12 billion, both down since 2021. France reported EUR 1.35 billion in frozen private assets in 2022 and Italy about EUR 2 billion in 2026, but much of this is property, yachts and company stakes, and assets held through companies in Cyprus or the British Virgin Islands appear under those countries in the BIS data. Across the EU, frozen private assets of more than EUR 28 billion compare with about EUR 210 billion of immobilised central bank assets.

For Sweden, bilateral data are published only for 2008–13 and then again from 2023. This is most likely due to limits in reporting when aggregate numbers may reveal individual entities' transactions. Russian claims on Swedish banks were between USD 0.2–0.9 billion in 2008–13, and about USD 5–6 million by early 2026, so banks *in* Sweden have not been a significant destination of Russian money.



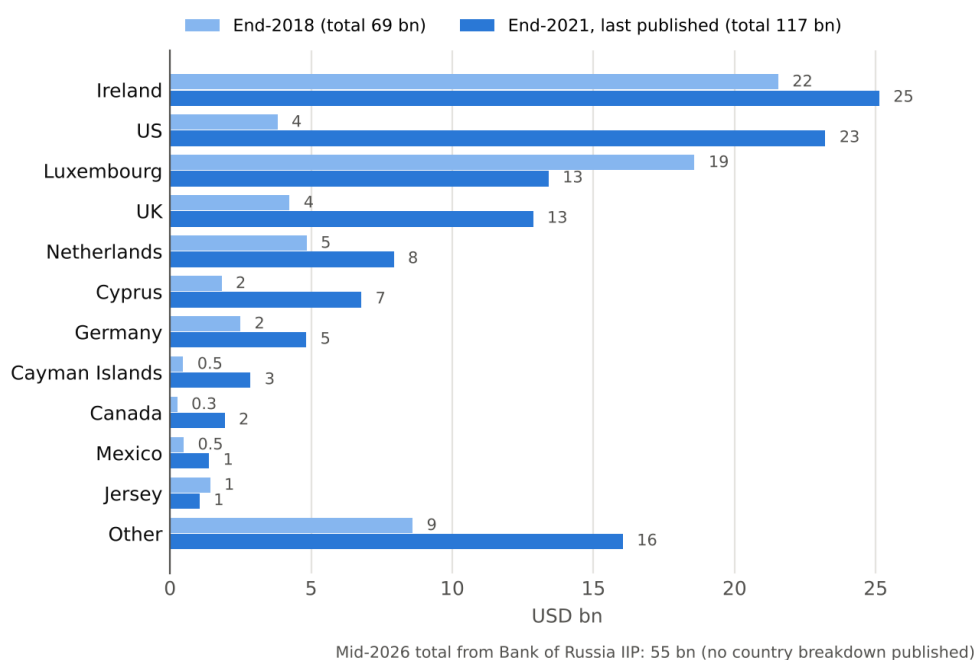
This does not mean that Swedish (or other Nordic and Baltic) banks stayed clear of Russian money before the full-scale invasion. Their exposure ran through subsidiaries and branches in the Baltic states, which the BIS records under the country where the bank is located, not Sweden. An investigation commissioned by Swedbank found around EUR 37 billion of suspicious transactions through its Baltic operations, and Finansinspektionen fined the bank SEK 4 billion in 2020. Nordea was linked to about EUR 700 million of potentially illicit funds in reporting on OCCRP's Troika Laundromat, a scheme run by the Moscow investment bank Troika Dialog through accounts at Lithuania's Ukio Bankas that moved about USD 8.8 billion in 2006–13. The largest Nordic case remains Danske Bank's Estonian branch, through which some EUR 200 billion of mainly non-resident money passed in 2007–15, and which ended with a guilty plea in the United States and USD 2 billion

in forfeiture in 2022. Latvia's Trasta Komerbanka handled nearly USD 13 billion of the USD 21 billion Russian Laundromat in 2011–14. Baltic banks, several of them Nordic-owned, were for years a gateway for Russian money into the EU, but the scrutiny that followed these cases has largely closed this route. As with banks in Denmark itself, the drop in Russian deposits at Nordic-affiliated banks in the Baltics came well before 2022. It likely reflected tighter enforcement after the money-laundering scandals, rather than a rush to withdraw funds ahead of sanctions.

Destinations: portfolio and direct investment

The 2019 brief noted that official portfolio assets of USD 69 billion were far below the cumulative PLO outflows of over USD 500 billion. That gap has widened. Russian portfolio assets peaked at USD

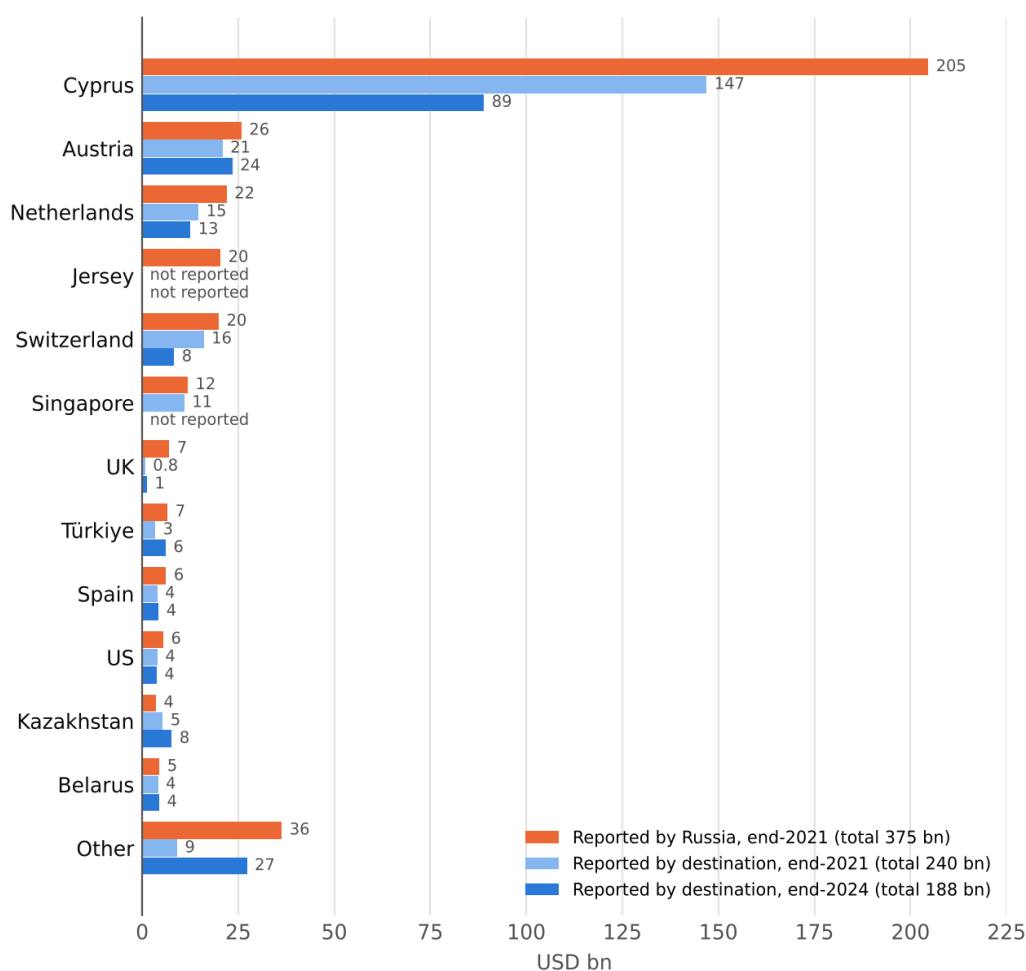
Figure 4. Russian portfolio assets by destination (USD bn)



Source: IMF Portfolio Investment Positions by Counterpart Economy (PIP); Bank of Russia international investment position; author's calculations.



Figure 5. Russian FDI assets by destination (USD bn)



Source: IMF Direct Investment Positions by Counterpart Economy (DIP), and author's calculations.

117 billion at the end of 2021, driven by households, whose holdings rose from USD 14 billion to USD 47 billion. Since then, the total has more than halved to USD 55 billion in mid-2026, against cumulative PLO outflows of about USD 1 trillion. Even adding the USD 71 billion in BIS reporting banks outside Belgium leaves most of the money unaccounted for.

The statistics have also become less informative. Since 2022, the Bank of Russia has stopped publishing the geographic breakdown of its direct and portfolio investment, which also affects the IMF data that are based on the official statistics. For portfolio assets (Figure 4), there is no workaround:

the countries that issue securities do not know or report to the IMF who holds them.

For direct investment (Figure 5), destination countries' own reports (mirror data) offer a partial view. In 2021, they captured about 64 percent of what Russia reported, with a close match for most large destinations such as Cyprus, Austria, the Netherlands and Switzerland, but a poor match for the UK and Germany, and no data at all for Jersey, the Bahamas and the British Virgin Islands. Mirror data show Russian FDI falling from USD 240 billion at the end of 2021 to USD 188 billion at the end of 2024. Adjusting for incomplete coverage puts Russia's total FDI assets at roughly USD 210–290



billion today, compared with USD 364 billion in the 2019 brief.

Cyprus remains by far the largest destination. Russia reported USD 205 billion invested there at the end of 2021, while Cyprus itself reported USD 147 billion in 2021 and USD 89 billion in 2024. In 2019, Russian FDI assets in Cyprus were, according to Russian official statistics, around eight times Cyprus's GDP. Using data from Cyprus in 2025, Russian FDI was around twice the size of its economy. This is likely underestimating Russian FDI in Cyprus, but nevertheless, Cyprus remains an important entry point of Russian money to the EU.

Policy conclusions

One conclusion of the 2019 brief still holds: capital leaving Russia is a loss for investment and growth in Russia. Seven years and a war later, the outflow has almost doubled to USD 1.3 trillion since 2008, and it has continued at a steady pace under sanctions.

What has changed is where Russian money is visible in the West. In 2019, the concern was private flows passing through Western banks with weak controls. Today, private Russian deposits in those banks have shrunk; what remains is dominated by the Bank of Russia's immobilised reserves in Belgium. Western exposure to Russian money in banks is now first and foremost a question about these frozen assets and how they can be used to support Ukraine.

The Danish case shows that scrutiny of banks works: Russian deposits in Denmark disappeared within a year of the Danske Bank scandal, well before any sanctions. The flip side is that the money did not stop leaving Russia; it went

elsewhere. With cumulative outflows of around USD 1 trillion that cannot be traced in the official statistics, much of it is likely held in jurisdictions that do not report, or through layers of companies in places not very interested in documenting where the money comes from.

This makes better data a policy issue in itself. Russia has stopped publishing where its foreign assets are, and Western authorities hold back data that would help understand aggregate numbers, such as the BIS split between central bank and commercial bank deposits, or breakdowns of frozen private assets by type. Publishing more of this would make it easier to track the money still leaving Russia and assess the sanctions meant to stop it.

The bigger question is harder to answer: what is the money that leaves Russia used for, and what will it be used for in the future? It is pretty clear that the amounts documented here indicate that it is not (only) regular savings of Russian households that go abroad. Behind the numbers will most certainly be complicated chains of companies and individuals that in many cases are connected to the Kremlin. Even if Putin and his close associates will not appear in any ownership register, it is highly likely that they can influence how the money is used, including to fund Russia's war against Ukraine as well as different hybrid operations in Europe and elsewhere. Russian money in Western banks has largely been withdrawn or frozen, but as this brief shows, substantial Russian holdings remain in Europe through direct and portfolio investment. It is time that policymakers take these numbers seriously and investigate who owns what, where and why. This knowledge is part of our wider defence of freedom and democracy, and without it



we are likely to face unpleasant surprises. It is time that Europe, once and for all, stops acting as a safe haven for the money of criminal states and individuals.

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