Geopolitical Shocks and International Financial Stability: What Can We Learn from Loan Syndicates' Exposure to Russian Firms?

Pablo Hernando-Kaminsky* María Pía Olivero† Andreea Rotărescu‡

April 2026

1 Introduction

The economic and financial repercussions of geopolitical shocks have long been a central topic in macro-finance and international economics. Episodes such as sovereign defaults, financial sanctions, and abrupt trade disruptions can propagate through financial systems by affecting the balance sheets of internationally exposed intermediaries. The Russian invasion of Ukraine in 2022 represents one of the most consequential geopolitical shocks to European financial markets in recent decades. The conflict triggered a series of unprecedented economic measures—including wide-ranging financial sanctions, trade embargoes, asset freezes, and the exclusion of major Russian banks from international payment systems—that abruptly altered the risk profile of cross-border financial exposures. Because European financial institutions had accumulated sizable claims on Russian firms and sovereign entities prior to the conflict, these developments raised concerns about potential losses, funding disruptions, and broader spillovers to European credit markets.

At the same time, the macro-finance literature has well established that global banking groups allocate liquidity across countries through internal capital markets and cross-border lending relationships, thereby linking credit conditions across jurisdictions. Thus, the international structure of banking systems can amplify financial contagion, as shocks to banks' funding propagate through global lending networks and affect credit supply across multiple economies. Seminal contributions by Cetorelli and Goldberg (2011) and Cetorelli and Goldberg (2012a) document how shocks to the balance sheets of large international banks propagate to foreign markets through reductions in cross-border lending and adjustments within banks' internal capital markets. Complementary evidence from De Haas and van Horen (2012), and De Haas and

*Address: International Finance Corporation, Economics and Market Research Department, 2121 Pennsylvania Avenue, Washington, DC 20433, USA. E-mail: pablohk@ifc.org. Web: pablohernandokaminsky.com

†Address: Swarthmore College, Economics Department, 500 College Avenue, Swarthmore, PA 19081, USA. E-mail: moliver1@swarthmore.edu. Web: mariapia-olivero.com

‡Address: Wake Forest University, Economics Department, 1834 Wake Forest Road, Winston-Salem, NC 27109, USA. E-mail: rotarea@wfu.edu. Web: andreearotarescu.com

van Horen (2013) shows that banks retrench their foreign lending during periods of financial stress, transmitting shocks from crisis-hit countries to borrowers abroad. Kalemli-Ozcan, Papaioannou, and Peydro (2013) analyze the impact of financial globalization on business cycle synchronization using bilateral time-varying financial linkages, with a proprietary dataset on banks' international exposure for industrialized countries during 1978 to 2006. In contrast with previous studies, they document a negative effect of banking integration on synchronization of business cycles.

Our paper is inspired by connecting these two observations and understanding how geopolitical shocks transmit through financial intermediaries. In addition to assessing systemic risk and the resilience of financial systems, we believe this is critical for measuring the real costs of these shocks. We study the financial market consequences of what we call the "Russian shock"—the abrupt deterioration in the value and liquidity of Russian firms following the invasion of Ukraine and the subsequent sanctions regime. We focus on European loan syndicates with pre-war exposure to Russian borrowers and analyze how these exposures shaped the reaction of financial markets after the onset of the conflict. Exploring the balance-sheet exposure of lenders that hold claims on sanctioned countries or firms is important because when sanctions restrict the ability of these borrowers to access international markets, service foreign debt, or transact through global payment systems, the value and liquidity of lenders' existing claims can deteriorate sharply. Our hypothesis is that lenders, syndicates in our case, with greater exposure to sanctioned counterparties will then face increased default risk, and more uncertainty regarding asset recoverability. An identification challenge arises as macroeconomic conditions are of course endogenous to this shock. The identification strategy we use relies on the hypothesis that lenders with different pre-existing exposure to Russian firms will adjust their lending and pricing differently following the shock. In other words, the idea is that heterogeneity in lenders' exposure provides a natural source of variation to study how geopolitical shocks transmit through financial balance sheets. Our results show that institutions with greater exposure to Russian counterparties faced larger write-offs, higher uncertainty. . . .etc etc

By examining the response of European financial markets to this shock, the contribution of this paper is twofold. First, it adds to the growing body of work on the international transmission of financial shocks through global banks' balance sheets by highlighting the role of geopolitical risk and sanctions as a trigger for financial contagion across borders (see Cetorelli and Goldberg (2011), **?**, De Haas and van Horen (2012), and De Haas and van Horen (2013), among others).

Second, it provides new empirical evidence on how sanctions and international conflicts can affect financial stability in interconnected banking systems. Our results shed light on an important but still understudied channel through which geopolitical events influence financial markets: the balance-sheet exposure of financial intermediaries to firms located in sanctioned or conflict-affected economies. Prior research has shown that banks' foreign exposures can serve as an important channel through which external shocks propagate to domestic credit markets and real economic activity. A large literature documents how international financial linkages transmit crises across borders (e.g., **?** and **?** and how bank balance sheet exposures shape the domestic effects of sovereign risk events (Acharya, Drechsler, and Schnabl, 2014). More

broadly, work on financial sanctions and geopolitical risk highlights how sudden restrictions on financial flows can disrupt international banking networks and reallocate credit across markets (e.g., Rose and Wieladek (2014) that focus on bank nationalizations in the UK as their financial protectionism event; **?**). Yet, despite the growing importance of geopolitical shocks in global financial markets, relatively little empirical evidence exists on how large-scale sanctions and trade disruptions affect European financial intermediaries through their pre-existing corporate exposures to sanctioned economies. In the context of sanctions some studies document the limits of targeted sanctions, and study the impact of international financial integration and capital flows on firm size dynamics. Keerati (2024) examines the economic impact of the U.S. financial sanctions against Russian companies in the aftermath of Russia's 2014 annexation of Crimea, and shows that this sanctions program actually produced the unintended consequence of strengthening the sanctions targets.

These findings suggest that heterogeneity in lenders' exposure to sanctioned economies provides a natural lens through which to study the financial transmission of geopolitical events. Building on this insight, the present paper examines how European lenders' pre-existing exposure to Russian firms shaped the response of financial markets following the imposition of sanctions after the invasion of Ukraine.

2 A Review of the Sanctions

After the start of the full-scale Russian invasion of Ukraine in February 2022, the United States, the European Union, the United Kingdom, Japan, Canada, and several other countries imposed unprecedented sanctions on the Russian Central Bank and both the corporate sector and financial system. These sanctions aimed to penalize Russian firms via disrupting their trade flows and access to international financial infrastructure. One of the most dramatic measures targeted the country's monetary authority, the Central Bank of the Russian Federation, by sanctioning countries froze a large share of Russia's foreign exchange reserves held abroad by the Central Bank. Of course, this severely limited Russia's ability to stabilize the ruble or support its financial system.

Second, financial sanctions were also imposed on Russian banks. These included asset freezes on bank assets held in sanctioning countries, prohibition of transactions with these banks by foreign financial institutions[1], tighter restrictions on dollar and euro clearing, limiting access to key international currencies and limits to new debt or equity issuance in Western capital markets.

Third, sanctions targeted major Russian corporations, particularly in strategic sectors such as energy, defense, and technology. Restrictions included bans on new investment in certain sectors as well as restrictions on exports of advanced technology and semiconductors, both measures that can have long-term impacts on Russia's industrial capacity.[2]

[1] Institutions such as Sberbank, VTB Bank, Gazprombank, and VEB.RF were placed under sanctions by the U.S., EU, and U.K. (of the Treasury (2022) and Law (2022)). A major step was the removal of several Russian banks from the global payment system SWIFT (Stamegna and Boehm (2022)). Being disconnected from SWIFT does not legally prevent transactions, but it makes international payments far more difficult and costly.

[2] Examples include companies such as Rosneft, Gazprom, Rostec.

Fourth, many countries imposed trade sanctions, including embargoes on certain Russian imports (e.g., coal and oil in the EU), restrictions on exports of advanced technology, aircraft parts, and energy equipment, and bans on shipping, insurance, and financial services related to Russian oil above a price cap (Commission (2022), Brooks et al. (2026), and of the European Union (2026)).

Finally, sanctions targeted Russian individuals, including oligarchs and political elites through asset freezes, travel bans and restrictions on ownership of companies in the sanctioning countries.

These sanctions matter to us because they can get transmitted through financial markets via a *"a balance sheet exposure channel"* (investors and banks in sanctioning countries facing the costs of write-offs associated to holding devalued Russian assets that become illiquid and/or untradeable in many markets), a *"liquidity channel"* (restrictions on international funding), and a *"payments disruption channel"* (via impaired cross-border transactions that lower the value of firms in sanctioning countries).

3 Literature Review

3.1 On the International Transmission of Shocks through Financial Intermediaries

Existing work in international finance shows that balance-sheet linkages across banks in different countries can generate international financial contagion, whereby shocks originating in one country affect credit conditions in others. One of the earlier and most influential contributions is the work by Nicola Cetorelli and Linda Goldberg. In Cetorelli and Goldberg (2011) they show that global banks were a major channel through which the financial crisis of 2077-2009 spread internationally. They do so by using bank-level data to demonstrate that liquidity shocks to parent banks reduced lending abroad through both reduced cross-border lending and reduced lending by foreign affiliates. In Cetorelli and Goldberg (2012a) they study how internal capital markets within multinational banks reallocate liquidity across countries, allowing shocks to parent banks to affect credit supply in foreign markets. In Cetorelli and Goldberg (2012b) show how shocks to foreign banks affected domestic credit supply in the United States through global banking networks. **?** and **?** study how organizational complexity and cross-border structures influence the propagation of shocks within multinational banking groups. De Haas and Lelyveld (2006) analyze how foreign banks' lending behavior transmits shocks between parent and host countries in Central and Eastern Europe. **?** and **?** show how during crises, banks facing exposed to domestic pressures, retrench their foreign lending. Like us, **?** uses syndicated loan data.

3.2 On Geopolitical Conflict and Sanctions

A growing literature studies the financial consequences of geopolitical conflicts and the sanctions associated to them. Cross-country evidence shows that economic sanctions can significantly undermine financial stability in targeted economies. Rose and Wieladek (2014) examine large public interventions in the financial sector, such as bank nationalizations using bank-level data set for all U.K.-resident banks between 1997 and 2010. They find that after nationalization,

foreign banks reduced their fraction of British loans by about 11Hatipoglu and Peksen (2018) shows that sanctions significantly increase the probability of banking crises in target countries. Using cross-country data, they find that financial sanctions are particularly destabilizing for banking systems, more so than trade sanctions, because they directly restrict access to international capital markets and foreign funding. Besedes, Goldbach, and Nitsch (2021) conclude that the economic costs of financial sanctions to the sender country are limited. Using detailed German balance-of-payments data from 1999–2014, they show that sanctions reduce cross-border financial activities with targeted countries, and that firms often reallocate production toward non-sanctioned partners. The authors find no effect of sanctions on broader measures of firm performance such as employment or total sales. Efing and Puri (2023) uses detailed bank-level data to show that sanctions lead banks to rapidly cut financial relationships with targeted entities, illustrating how the effects of sanctions are propagated through financial intermediaries. Keerati (2024) concludes that sanctions against Russia in 2014 actually benefited sanctioned firms relative to their unsanctioned peers by a general equilibrium effect through which sanctioned firms shrank in size by less than unsanctioned ones. As international borrowing was cut for affected firms, domestic resources were reallocated in favor of them. Thus, they provide evidence of sanctions reshaping global capital flows. The finding is rationalized through a model with heterogeneous firms model and segmented capital markets. Sanctions tighten the borrowing constraint of international borrowers and lead to capital crowding out and credit rationing among domestic borrowers. Other work within this strand of the literature highlights how sanctions can reshape the structure of global finance by forcing countries to develop alternative financial infrastructures, payment systems, or currency arrangements. Overall, this literature emphasizes that large geopolitical shocks can propagate through firms, banks, and international financial markets.

3.3 On the Transmission of Sovereign Default Shocks

A crucial question in international macroeconomics is why governments repay their debt to foreign creditors, given the limited recourse available to those creditors. The answer lies in the economics costs of sovereign default that a growing empirical and theoretical literature seeks to quantify. This literature also aims to identify the mechanisms through which these costs materialize. Classic theoretical models highlight reputation loss (**?** and **?**), exclusion from global financial markets (Aguiar and Gopinath (2006) and Arellano (2008)), and domestic financial distress (Gennaioli and Rossi (2014)) as an important cost of default (and the ample literature that followed) and later critiques emphasize the need for explicit default penalties (see **?**). Nevertheless, empirical identification has long been hindered by the endogeneity of default to macroeconomic conditions.

Along similar lines, **?** show that increases in default probability significantly depress the market value of Argentine firms, as well as a depreciation of parallel (unofficial) exchange rates in response to default-probability shocks, consistent with the empirical link between default and currency crises documented by **?**. Sectoral and cross-sectional heterogeneity provide insight into the channels through which default affects the private sector: foreign-owned firms, exporters,

banks, and large corporations experience larger-than-expected declines. These patterns align with theoretical mechanisms emphasizing trade sanctions (Bulow and Rogoff 1989b), financial-sector distress, and the erosion of "general reputation" toward foreign investors.

Arteta and Hale (2008) provide one of the first systematic empirical analyses of how sovereign debt crises affect private sector access to international credit in emerging markets. Using data from Bondware and Loanware for a monthly panel of 30 countries between 1984 and 2004, the authors examine the behavior of lending to domestically owned private firms before, during, and after episodes of sovereign debt renegotiation and restructuring. Loans analyzed include foreign bonds and syndicated loans, and exclude trade credit, foreign direct investment (FDI) financing and stocks. The paper's main finding is that sovereign debt crises trigger large and persistent contractions in foreign credit to private firms. During debt renegotiations, foreign credit declines by over 20%, and this contraction deepens and persists for more than two years after restructuring agreements are concluded. The statistically and economically significant effect persists after controlling for country fundamentals and global financial conditions, which speaks to the independent impact of crises on firms' access to international credit that is not explained by shocks to these firms that are common to the default shock.[3] [4] Arteta and Hale (2008) contribute to the literature by establishing a micro-level causal link between sovereign debt distress and private credit constraints. It provides empirical support to the theoretical work that assumes that the real costs of sovereign default amount to output losses and tighter financial constraints for borrowers (Arellano (2008) and **?**). In this way, the paper shows that the costs of default go beyond that of excluding the sovereign from international financial markets; it reinforces the argument that sovereign debt crises are costly for governments as well as for the private sector.[5] Moreover, the authors show these real effects to be heterogeneous across types of default and structure of negotiations. Restructurings involving official creditors or those without new lending are associated with the largest and most persistent declines (over 40%), whereas voluntary debt swaps and buybacks show no negative effect. Brady Plan–style agreements, which typically involved commercial creditors, new money, and buybacks, are comparatively benign.

Gennaioli and Rossi (2014) provide cross-country empirical evidence consistent with a mechanism through which domestic banks holding defaulted government bonds see their balance sheets deteriorate, and contract the supply of credit. Doing so, they highlight the role of bank exposure to sovereign debt in transmitting sovereign risk to the real economy.

Trying to identify the true costs of default, Hébert and Schreger (2017) provide causal

[3] Their empirical framework combines fixed-effects panel regressions with treatment-effects estimations to address potential endogeneity and common-shock biases. The authors control for a broad set of macroeconomic, financial, political, and global capital-supply conditions.

[4] Approximately one-third of the total decline is explained by deteriorating macroeconomic and political conditions, banking distress, and IMF programs, while the remainder likely reflects increases in perceived country risk premia (a demand-side effect that lowers the demand for loans as firms credit constraints tighten) and lenders' curtailed lending (a supply-side effect as risk averse lenders reallocate their supply away from struggling borrowers).

[5] The paper also documents sectoral heterogeneity in these effects with most of the burden taking place among non-financial firms. While financial firms might benefit from regulatory protections put in place during default episodes or from relationship lending from other banks, non-financial firms bear most of the burden. This, in turn, depends on the degree of exporters' exposure to international trade.

estimates of these costs by exploiting plausibly exogenous shifts in Argentina's sovereign default probability induced by U.S. court rulings in the case of NML Capital vs. Republic of Argentina. The legal decisions—pertaining to interpretation and enforcement of pari passu clauses—generated abrupt revisions in the market-implied risk-neutral probability of default that were orthogonal to Argentina's contemporaneous economic fundamentals. This creates a natural experiment enabling identification of the impact of sovereign default risk on firm-level valuations, and yields estimates of substantial costs of default on the private sector—costs that, in Argentina's case, exceeded the face value of obligations owed to holdout creditors.

Bofondi, Carpinelli, and Sette (2018) study how the Italian sovereign debt crisis of 2011 affected the supply of credit by private banks. They construct a sample of 670,000 bank-firm relationships between December 2010 and December 2011, drawn from the Italian Central Credit Register, and they use the increase in Italian sovereign bond yields in mid-2011 as an exogenous shock. Bofondi, Carpinelli, and Sette (2018) then resort to the identification strategy of Khwaja and Mian (2008) by focusing on firms borrowing from at least two banks and including firm $\times$ period fixed effects. In this way, the study identifies supply-side from demand-side changes in the market for credit. Their results show that Italian banks tightened credit supply by more than foreign banks, and their interest rates were 15-20 basis points higher, after the outbreak of the sovereign debt crisis. Furthermore, it is the case that firms were not able to compensate for the reduction in domestic credit by borrowing from foreign banks, so that the sovereign crisis had an aggregate impact on credit supply.

Taking advantage of the richness of these data, Bofondi, Carpinelli, and Sette (2018) are able to study the effects of default risk on loan markets at the extensive margin. To do so, they measure banks' propensity to either maintain or terminate existing relationships and to grant new loan applications. Italian banks were less likely to grant new loans but more likely to maintain existing relationships.

By providing evidence from a developed country within a currency union, this is an important paper that complements the literature that focuses on debt crises in emerging economies. In the case of Italy, a currency devaluation or monetary-policy adjustments were unavailable as an "exit strategy" from the default crisis. More broadly, these results underscore the effects of sovereign debt crises that take place even in the absence of a joint banking crisis.

D'Erasmo et al. (2020) provide novel evidence that sovereign defaults can affect the real economy and private-sector outcomes through disruptions to bank balance sheets of financial intermediaries and lending networks. Using detailed micro-level data at the relationship-level during the 2001 crisis in Argentina, the authors study the transmission of sovereign default to the private sector through the banking system. The authors construct a unique dataset linking the universe of Argentine banks and firms during the crisis and analyze how banks' balance-sheet exposure to sovereign risk affects their lending relationships with firms. Their empirical analysis yields two important conclusions. First, banks with larger pre-crisis exposure to sovereign debt and foreign currency liabilities experience greater balance-sheet disruptions and subsequently reduce credit supply to their corporate borrowers. As a result, firms that maintain relationships with these more exposed banks suffer larger contractions in credit during the crisis. Second,

while relationship-level credit declines sharply for firms connected to highly exposed banks, the aggregate contraction in credit is mitigated by firms' ability to form new banking relationships, particularly in sectors benefiting from the post-default currency devaluation such as exporting industries.[6]

Schumacher, Trebesch, and Enderlein (2021) provide novel empirical evidence for the real costs of default, in particular those related to legal action from foreign creditors. They build a dataset of creditor lawsuits for the last four decades, and for foreign courts imposing financial embargoes on sovereigns. This evidence contributes to an increased enforcement of sovereign debt. The authors estimate the effects on the probability that a government accessed foreign credit markets as a function of default and a variable capturing litigation attachment with controls for political risk and the presence of IMF adjustment programs. They also present case studies of how litigation disrupted market access for Costa Rica, Panamá, Perú and Argentina, Ukraine, Puerto Rico, Venezuela, and the Republic of Congo among others.

The theoretical literature on sovereign default is very vast. We do not aim to have an extensive review here but we do highlight some papers for which the models will inform our empirical specification.

Among those, Broner, Martin, and Ventura (2010) study the relationship between the workings of secondary markets and sovereign default. The literature before this paper rests on the implicit assumption that assets cannot be re-traded in secondary markets, which implies that in the absence of default penalties, sovereign risk destroys all trade in foreign assets. The authors show that the result of trade disappearing is not robust to lifting this assumption. When traditional models of sovereign default are extended to allow for secondary markets, foreign trade is possible even in the absence of default penalties. In other words, sovereign risk does not destroy trade unless default penalties are insufficient or secondary markets work imperfectly.

Durdu and Sapriza (2013) build a quantitative, dynamic, small open economy model that incorporates three elements: sovereign debt, default risk, and news shocks. The latter improve the quantitative performance of the sovereign default model by allowing for some default episodes to not occur during recessions, which helps the model predict empirically plausible differences between developing and more developed countries. An important contribution of this paper is to use non-linear approximation methods to solve the model, which is important to capture how shocks to the precision of news interacts with precautionary savings and the bindingness of credit constraints.

3.4 FINANCE PAPERS ON LOAN SYNDICATES

The paper also relates to the broader literature in Finance that uses data on loan syndicates. Cortina and Schmukler (2021) study the switch among syndicated loans and bond markets for non-financial publicly listed companies in the United States during periods of domestic financial

[6]Beyond documenting this empirical relationship, the paper develops a theoretical framework featuring bank–firm relationship lending with matching frictions to interpret the observed credit dynamics during the sovereign default episode. Importantly, the model also allows firms to switch lenders when profitable opportunities arise, like in the case when default is associated to a currency devaluation that benefits firms in the export sector.

turbulence. The paper builds on the idea that bond financing can replace bank lending during crises, when capital markets can act as a "spare tire". Furthermore, Cortina and Schmukler (2021) contribute to the literature by providing systematic evidence on the implications of these firm financing choices on the amount and the terms of their debt financing, including maturity and currency denomination (for switches between domestic and international markets if investors display a home currency bias). [7]

3.5 Papers on Geopolitical and Oil Shocks

Giometti et al. (2026) study how exogenous oil shocks propagate through the banking system and affect credit allocation and real outcomes. Exploiting the sharp increase in European energy prices following Russia's invasion of Ukraine as a plausibly exogenous shock, the authors combine granular loan-level credit register data from Spain with firm-level balance sheet information and industry-level measures of energy dependence. Their empirical strategy relies on a difference-in-differences design comparing firms in energy-intensive versus non-energy-intensive sectors, while incorporating rich fixed effects to isolate credit supply from demand. They document that energy-intensive firms experience a significant deterioration in credit quality—reflected in higher probabilities of payment delays and increased loan loss provisions—indicating that energy price shocks translate into heightened borrower risk at the micro level.

The paper's central contribution is to show that banks' lending responses to this shock are heterogeneous and depend critically on pre-existing portfolio exposure and capital strength. Banks more exposed to energy-intensive sectors experience larger credit losses, yet—consistent with a model featuring relationship lending motives and capital constraints—well-capitalized exposed banks expand lending both to affected firms and to other sectors, while weaker banks are more constrained. This heterogeneity generates differential real effects: firms borrowing from more exposed, well-capitalized banks sustain higher investment and profitability following the shock. By linking sectoral supply shocks to bank balance sheets and lending decisions, the paper provides novel evidence on the role of bank specialization and capitalization in shaping the transmission of real shocks to credit markets and the broader economy.

Concluding, the literature on the transmission of sovereign default through the banking system is quite extensive. It includes both theoretical contributions about the channels through which default transmits from financial markets to the real economy as well as empirical contributions to address the identification challenge involved in generating causal estimates of these costs (since default is inextricably linked to recessions and other macroeconomic shocks). Unfortunately, with the exception of Giometti et al. (2026) we still know much less about geopolitical developments like the war between Ukraine and Russia: both about how they transmit to mar-

[7] The authors also show that the number of firms borrowing (extensive margin) shrank in the markets in crisis, while it increased in other debt markets, mirroring the changes in borrowing amounts within firms (intensive margin). As a result, the total number of issuing firms remained fairly stable during crises relative to non-crisis periods. Switchers not only accounted for the stability in the total number of issuing firms during crises, but they also captured a larger market share of the total amount raised then than in other periods. Because these switching firms are typically larger than other firms, the average issuer size increased during crises. Both the changes within firms and the changes in the composition of issuing firms help to explain the debt dynamics at the economy-industry level.

kets and what kind of costs it entails.

In this paper we aim to build on previous work on sovereign default to contribute to the understanding of the costs of geopolitical shocks. In particular, we look at the costs transmitted through financial markets, specifically via loan syndicates exposed to Russian firms around the time of the financial and trade sanctions caused by the war with Ukraine started in 2022.

References

Aguiar, Mark and Gita Gopinath. 2006. "Defaultable Debt, Interest Rates and the Current Account." *Journal of International Economics* 69:64–83.

Arellano, Cristina. 2008. "Default Risk and Income Fluctuations in Emerging Economies." *Econometrica* 76:421—465.

Arteta, Carlos and Galina Hale. 2008. "Sovereign Debt Crises and Credit to the Private Sector." *Journal of International Economics* 74:53–69.

Besedes, Tibor, Stefan Goldbach, and Volker Nitsch. 2021. "Cheap Talk? Financial Sanctions and Non-Financial Firms." *European Economic Review* 134:XX—XX.

Bofondi, Marcello, Luisa Carpinelli, and Enrico Sette. 2018. "Credit Supply During a Sovereign Debt Crisis." *Journal of the European Economic Association* 16:696–729.

Broner, Fernando, Alberto Martin, and Jaume Ventura. 2010. "Sovereign Risk and Secondary Markets." *American Economic Review* 100:1523–55.

Brooks, Robin, Kate Davidson, Benjamin Harris, Harold Hongju Koh, and Liam Marshall. 2026. "Stiffening European Sanctions Against the Russian Oil Trade." *Economic Studies at Brookings* .

Cetorelli, Nicola and Linda Goldberg. 2011. "Global Banks and International Shock Transmission: Evidence from the Crisis." *IMF Economic Review* 59:41—76.

———. 2012a. "Banking Globalization and Monetary Transmission." *Journal of Finance* 67:1811–1843.

———. 2012b. "Follow the Money: Quantifying Domestic Effects of Foreign Bank Shocks in the Great Recession." *American Economic Review: Papers & Proceedings* 102:213–218.

Commission, European. 2022. "Import and Export Bans – International Trade Sanctions." URL https://commission.europa.eu/topics/eu-solidarity-ukraine/eu-sanctions-against-russia-following-invasion-ukraine/import-and-export-bans_en.

Cortina, Tatiana Didier, Juan and Sergio Schmukler. 2021. "Global Corporate Debt during Crises: Implications of Switching Borrowing across Markets." *Journal of International Economics* 131:xx–xx.

De Haas, Ralph and Iman Lelyveld. 2006. "Foreign Banks and Credit Stability in Central and Eastern Europe: A Panel Data Analysis." *Journal of Banking and Finance* 30:1927–1952.

De Haas, Ralph and Neeltje van Horen. 2012. "International Shock Transmission after the Lehman Brothers Collapse: Evidence from Syndicated Lending." *American Economic Review* 102:231–237.

———. 2013. "Running for the Exit? International Bank Lending During a Financial Crisis." *The Review of Financial Studies* 26:244–285.

D'Erasmo, Pablo, Hernan Moscoso Boedo, Mari a Pi a Olivero, and Maximo Sangiacomo. 2020. "Relationship Networks in Banking Around a Sovereign Default and Currency Crisis." *IMF Economic Review* 68 (3):584–642.

Durdu, Ricardo Nuñes, Bora and Horacio Sapriza. 2013. "News and Sovereign Default Risk in Small Open Economies." *Journal of International Economics* 91:1–17.

Efing, Stefan; Nitsch Volker;, Matthias; Goldbach and Manju Puri. 2023. "Freeze! Financial Sanctions and Bank Responses." *Review of Financial Studies* 36:4417—4459.

Gennaioli, Alberto Martin, Nicola and Stefano Rossi. 2014. "Sovereign Default, Domestic Banks, and Financial Institutions." *Journal of Finance* 69:819—866.

Giometti, Marco, José E. Gutiérrez, Enric Martorell, and Andrea Sy. 2026. "Energy Prices, Credit Risk, and Bank Lending Dynamics." Working paper, UC3M, Banco de España, and CEMFI.

Hatipoglu, Emre and D Peksen. 2018. "Economic Sanctions and Banking Crises in Target Economies." *Defence and Peace Economics* 29:171—189.

Hébert, Benjamin and Jesse Schreger. 2017. "The Costs of Sovereign Default: Evidence from Argentina." *American Economic Review* 107:3119–45.

Kalemli-Ozcan, Sebnem, Elias Papaioannou, and Jose Luis Peydro. 2013. "Financial Regulation, Financial Globalization, and the Synchronization of Economic Activity." *The Journal of Finance* 68.

Keerati, Ritt. 2024. "The Unintended Consequences of Financial Sanctions." *working paper Columbia Business School* .

Khwaja, Asif and Atif Mian. 2008. "Tracing the Impact of Bank Liquidity Shocks: Evidence from an Emerging Market." *American Economic Review* 98:1413–42.

Law, Dechert. 2022. "U.S., EU and UK Impose Unprecedented Sanctions Against Russia." URL https://www.dechert.com/knowledge/onpoint/2022/2/u-s---eu-and-uk-impose-unprecedented-sanctions-against-russia.html?utm_source=chatgpt.com.

of the European Union, Council. 2026 URL https://www.consilium.europa.eu/en/policies/sanctions-against-russia-explained/?utm_source=chatgpt.com.

of the Treasury, U.S. Department. 2022. "Treasury Announces Unprecedented & Expansive Sanctions Against Russia." URL https://home.treasury.gov/news/press-releases/jy0608.

Rose, Andrew and Tomasz Wieladek. 2014. "Financial Protectionism? First Evidence." *Journal of Finance* 69:2127—2149.

Schumacher, Julian, Christoph Trebesch, and Henrik Enderlein. 2021. "Sovereign Defaults in Court." *Journal of International Economics* 131:3—45.

Stamegna, Carla and Lasse Boehm. 2022. "At a Glance Russia's War on Ukraine: Cutting Certain Russian Banks off from SWIFT." *document by the European Parliamentary Research Service* PE 729.289.