

Press release

31 March 2023

ECB concludes asset quality reviews of Crelan, Citadele banka, Goldman Sachs and Morgan Stanley

- Asset quality reviews carried out after banks classified as significant
- No capital shortfalls identified
- Banks expected to address findings

The European Central Bank (ECB) today published the results of its asset quality reviews (AQRs) of Crelan, Citadele banka, Goldman Sachs Bank Europe and Morgan Stanley Europe Holding. The four banks were classified as significant and are therefore now directly supervised by the ECB. In line with current practice, all banks that become subject to the ECB's direct supervision undergo an AQR.

The results of the AQRs show that none of the four banks faces any capital shortfalls, as their Common Equity Tier (CET1) ratios do not fall below the 8% threshold retained from previous exercises. A bank's CET1 ratio is a key measure of its financial soundness.

The AQRs for Crelan, a Belgian bank, and Citadele banka, a Latvian bank, focused on credit risk. The AQRs for Goldman Sachs Bank Europe and Morgan Stanley Europe Holding, both headquartered in Frankfurt, Germany, focused on market risk.

The reviews were conducted using the latest version of the [AQR methodology](#). AQRs are a prudential rather than an accounting exercise and provide the ECB with a point-in-time assessment of the carrying values of a bank's assets on a particular date (31 December 2021 in the case of the four banks in question). They also determine whether or not a bank needs to strengthen its capital base.

All four banks consented to the disclosure of the results. The ECB expects them to follow up on the outcome of the AQR by addressing the findings.

European Central Bank

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Table 1

Evolution of CET1 ratios and resulting capital needs

Bank name	Initial CET1 ratio⁽¹⁾	CET1 ratio post-AQR⁽¹⁾	CET1 shortfall
	(%)	(%)	(EUR millions)
Crelan SA/NV	15.87%	15.67%	0
AS Citadele banka	16.31%	16.03%	0
Goldman Sachs Bank Europe SE	22.56%	22.05%	0
Morgan Stanley Europe Holding SE	16.08%	15.65%	0

(1) As at 31 December 2021.

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Notes

- Banks that have recently been classified or are likely soon to be classified as significant undergo both an asset quality review and a stress test. Since 2022 these have been conducted as independent exercises, and the results published independently. Nevertheless, the ECB may still carry out comprehensive assessments, including an AQR and a stress test, on an ad hoc basis.

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