



BANK OF GHANA

RECOVERY PLANNING DIRECTIVE

*for Banks and Specialised Deposit-Taking Institutions,
Financial Holding Companies (FHC), Mortgage Finance,
and Finance and Leasing Companies*

(EXPOSURE DRAFT)

February 2026

The Bank of Ghana (BOG) has issued the **Recovery Planning Directive** to solicit comments and inputs from the banking industry and the general public, in line with the BOG's Procedures for Issuance of Directives, 2020.

In light of this, the Exposure Draft shall be made available on the BOG's website at www.bog.gov.gh from date of publication to June 30th, 2026, for comments.

All comments shall be sent to the Bank of Ghana via email at bsdletters@bog.gov.gh by 30th June 2026. The Bank of Ghana shall consider all material comments received and provide a written explanation for comments that were incorporated into the final guideline or otherwise.

PUBLIC

PREAMBLE

Recovery planning is a crucial element of the regulatory reform agenda introduced by authorities worldwide following the 2007-2008 financial crisis. It addresses the risk that the management of a Regulated Financial Institution (RFI) focuses disproportionately on growth opportunities at the expense of managing downside risk. It supports the authorities' overarching objective to promote the safety and soundness of the RFIs they regulate.

RFIs are expected to engage in recovery planning to prepare for periods of financial stress, stabilise their financial position, and recover from economic losses in order to prevent failure. They should have multiple recovery options and regularly maintain and test their plans to ensure their effectiveness. The recovery plan must include measures to reduce the RFI's risk profile and conserve capital, as well as strategic options such as divesting business lines and restructuring liabilities.

RFIs should view recovery planning as an integral part of their corporate governance, risk management framework, and processes rather than a regulatory compliance task. They should explicitly outline the policies, procedures, and internal controls that govern the creation and approval of their recovery plan. This includes identifying the key management personnel responsible for overseeing its development, maintenance, and implementation. The recovery plan should clearly describe the nature, extent, and frequency of reporting to senior management and the Board concerning these activities. Additionally, the mechanism for revising and updating the recovery plan must be specified, ensuring it is reviewed annually and in response to material changes in the RFI's financial status or macroeconomic conditions.

The Financial Stability Board (FSB) promotes global financial stability by coordinating with national and international bodies to develop strong regulatory and financial policies. Recent financial crises have underscored the inadequacy of RFIs in handling severe stress events. In response, the FSB issued standards in 2011 for recovery and resolution planning in its "Key Attributes of Effective Resolution Regimes for Financial Institutions". These attributes require recovery and resolution plans for institutions that may be systemically important if they fail (Key Attributes 11.1 and 11.2). In 2013, the FSB also provided guidance on recovery triggers and stress scenarios for firms that may impact financial stability in the event of failure.

Every FSB member jurisdiction must ensure that financial institutions are ready for risk events. To achieve this, the Bank of Ghana (BOG) issues this Directive to provide regulatory certainty and transparency and to align with FSB standards. This Directive aligns with the Key Attributes for Effective Resolution Regimes and the Key Attributes Assessment Methodology for the Banking Sector, as outlined by the Financial Stability Board.

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PART I - PRELIMINARY

Title

1. This Directive shall be cited as the Bank of Ghana Recovery Planning Directive, 2025.

Application

2. This Directive is issued under the powers conferred by Section 92 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), as well as Section 44 of the Non-Bank Financial Institutions (NBFI) Act, 2008 (Act 774), and shall apply to all banks, Specialised Deposit-Taking Institutions (SDIs), Financial Holding Companies (FHC), Mortgage Finance Companies, and Finance and Leasing Companies, collectively referred to in this Directive as "Regulated Financial Institutions (RFIs)".

Interpretation

3. In this Directive, unless the context otherwise requires, words used have the same meaning as that assigned to them in the applicable law (e.g., Act 930 and Act 1032) and other Directives issued by the BOG or as follows:

"**Act 930**" means the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930);

"**Act 774**" means the Non-Bank Financial Institutions (NBFI) Act, 2008 (Act 774);

"**Bank**" means a body corporate which engages in the deposit-taking business and is issued with a banking licence under Act 930;

"**Board**" means the Board of Directors of a Regulated Financial Institution;

"**BOG**" means Bank of Ghana;

"**Eligible Collateral**" means Securities (Bills, Notes, and Bonds) issued by the Government of Ghana; Bonds guaranteed by the Government of Ghana; Bank of Ghana Bills; and Eurobonds issued by the Government of Ghana or any other collateral as may be specified under the Bank of Ghana Liquidity Assistance Framework;

"**Function**" means a process, service, task or activity that is ordinarily undertaken by an RFI in the normal course of business;

"**Insider**" means a director, an executive director, key management personnel and a significant shareholder other than a financial holding company;

“Material Entity” means a subsidiary or foreign office of an RFI that:

- a. has more than 5% of the consolidated risk-weighted assets of the group;
- b. generates more than 5% of the total operating income of the group;
- c. has a total leverage exposure measure that is larger than 5% of the group’s consolidated leverage exposure measure;
- d. has been identified as critical to the RFI’s critical operation or core business line;
or
- e. is financially or operationally significant to the resolution of the RFI.

“Public Financial Support” means financial support by the Government from taxpayers’ funds or any financial support that exposes taxpayers to the risk of loss that is provided to preserve or restore the viability, liquidity or solvency of an RFI;

“Recovery Capacity” means the extent to which the recovery options allow the RFI to recover in a range of scenarios of severe macroeconomic and financial stress;

“Regulated Financial Institution (RFI)” means a bank, specialised deposit-taking institution or financial holding company covered under this Directive;

“Senior Management” means members of the Executive Management Committee (EXCO) of an RFI and any other Key Management Personnel (KMP) as may be determined by the Regulated Financial Institution;

“Specialised Deposit-Taking Institution” (SDI) means a body corporate which engages in the deposit-taking business and is issued with a licence to engage in the deposit-taking business in accordance with Act 930;

Objectives

4. The objectives of the Directive are to:

- a. provide guidance to RFIs for developing a recovery plan that safeguards their critical functions and preserves public confidence in the financial system during severe stress scenarios;
- b. set out regulatory and supervisory expectations, in line with the key principles by FSB, for developing, maintaining and implementing recovery plans;
- c. enable an RFI to demonstrate its readiness to adequately restore its financial health and regulatory compliance following an adverse shock that impacts its capital, liquidity, or operational capacity; and
- d. ensure the resilience of RFIs against financial stress.

Proportionality

5. RFIs are required to fully comply with this Directive. However, when assessing the quality and effectiveness of the RFI's recovery plan, the BOG will take into account

the principle of proportionality, having regard to their size, scope, nature, structure, business mix and the systemic risks associated with their activities. In particular, the BOG expects that:

- a. RFI's with fewer and simpler business lines will have less complex stress test scenarios, recovery options, recovery triggers and communication plans, which would be easier to develop and implement; and
- b. the recovery plan for all RFI's, regardless of size, shall encompass, where applicable, all the key components outlined in paragraph 23 of this Directive.

Effective Implementation and Transitional Arrangements

6. RFI's shall develop a recovery plan, which must be approved by the Board and submitted to the BOG for review by 31st December 2026.
7. RFI's shall test the plan and submit the results to the BOG by 30th June 2027.
8. This directive shall take effect from 1st January 2027.

Public Financial Support

9. RFI's shall prepare a documented recovery plan that does not assume or rely on access to, receipt of, or likelihood of public financial support.

PART II - Governance and Risk Management Framework

Governance

10. RFI's shall establish effective governance arrangements to oversee and manage the recovery planning process, allocating sufficient resources to support both the planning process and the implementation of the recovery plan, including any associated decision-making processes.
11. Governance of the RFI's recovery plan shall be clearly defined in its policies and internal controls governing the preparation and approval of the recovery plan, with well-defined roles, responsibilities, and accountabilities for the Board, senior management, business units, and control functions. It must also identify senior management officials responsible for its development, maintenance, and implementation, as well as reporting to the Board.
12. RFI's shall ensure that the governance arrangements (including policies, procedures, processes, and management information systems) enable informed decision-making, identify early warning signs, and manage recovery risks. This ensures the recovery plan is executed efficiently.
13. The RFI's governance arrangements shall clearly describe the nature, extent, and frequency of reporting to key management and the Board regarding the RFI's development, maintenance, and implementation of the recovery plan.
14. The governance arrangements shall also specify the mechanism for revising and updating the recovery plan, ensuring it is updated at least annually and/or upon a material change to an RFI's structure, operations, strategy, risk exposure, financial condition, or overall macroeconomic conditions. The periodic review should also include all assumptions underlying the plan, as well as its relevance and applicability.

Roles and Responsibilities of the Board

15. The Board of an RFI shall:
 - a. have the ultimate responsibility for overseeing the development, maintenance and implementation of the RFI's recovery plan;
 - b. review and approve the recovery plan at the initial formulation and thereafter, at least annually or when significant changes are made by management;
 - c. understand how the recovery plan can be effectively deployed to restore financial viability in a crisis;
 - d. ensure the availability of sufficient resources to support the maintenance of the recovery plan;

- e. ensure that the recovery plan is integrated with the existing risk management framework of the RFI and is linked to the institution's contingency plans and planning processes by involving the risk management function.
16. RFIs shall provide evidence that the Board sufficiently challenged the recovery plan as and when the BOG may request. The Board should articulate its view on the extent to which the recovery plan is credible and executable under severe stress, along with an explanation for that view.

Roles and Responsibilities of Senior Management

17. Recovery planning is a key responsibility of the RFI's senior management, which is responsible for developing, maintaining, activating, and implementing the recovery plan and for integrating it into the RFI's risk management framework as a second line of defence, with proper Board oversight.
18. Senior management shall:
- a. develop a recovery plan along with the necessary policies and strategies to manage, control and report stress event(s), thereby ensuring the continuity of critical business functions;
 - b. evaluate the organisational structure of the RFI to determine its effectiveness in facilitating recovery;
 - c. develop comprehensive recovery options for the specific stress events identified in the recovery plan;
 - d. designate a senior-level "owner" of the recovery plan, with responsibility for overseeing its development, review, and submission for approval; e.g., the Chief Financial Officer or the Chief Risk Officer or a similar senior-level executive; and
 - e. document how the recovery plan was developed, the processes for obtaining senior management approval, and the processes for obtaining Board approval.
19. Management shall notify the BOG in advance of its intentions to activate the recovery plan, and the notification shall include:
- a. an explanation of the circumstances leading to the breach of the recovery threshold;
 - b. management actions that have been taken, if any; and
 - c. management actions intended for implementation, including adopting recovery options derived from the preferred recovery strategy or any other options deemed suitable under the circumstances.

Risk Management Framework

20. RFIs shall integrate the recovery plan into their corporate governance structure, risk management framework, and processes, for example, by linking it to the Risk Appetite Statement, the Internal Capital Adequacy Assessment Process (ICAAP), the Crisis Management Framework, and the Business Continuity Plan (BCP). RFIs shall provide details on how the preparation of the plan is integrated with these structures, frameworks, and processes.
21. RFIs shall conduct a comprehensive, system-wide risk assessment annually, covering the business strategy, core business functions, and critical shared services, to identify potential major disruptions. The assessment should achieve, at a minimum, the following objectives:
- a. identify unacceptable risk concentrations;
 - b. ensure that the recovery plans are updated regularly to reflect changes in the system and the institution's risk profile; and
 - c. specify the events that should trigger the activation and implementation of the recovery plan.

Independent Review

22. An RFI shall ensure that its recovery plan is reviewed by the internal audit function. In addition, RFIs may engage an independent external party¹ to review the recovery plan. Such reviews should provide independent assurance of the accuracy of the plan's data and information, as well as the robustness of the processes and methodology used to develop the plan.

¹ Banks shall ensure that the review of the recovery plan is done by both the internal audit function and an independent external party.

PART III - COMPONENTS OF THE RECOVERY PLAN

Key Components

23. The recovery plan shall be approved by the Board and shall cover the following at a minimum (where applicable):

- a. Executive Summary
- b. Governance²
- c. Overview of the RFI and group
- d. Critical Functions and Services
- e. Recovery Options
- f. Recovery Capacity
- g. Recovery Indicators
- h. Scenario Testing
- i. Testing and Review
- j. Communication
- k. Management Information Systems
- l. Cross-border cooperation and coordination

A. EXECUTIVE SUMMARY

24. The executive summary should be concise and include information on the trigger framework, internal escalation and decision-making processes, recovery options, and the communication strategy. The executive summary should provide a summary of the components in the plan, including:

- a. The objective and scope;
- b. Governance;
- c. A brief description of critical functions and services;
- d. Its integration with the risk management framework, ICAAP, BCP, liquidity contingency plans and related matters;
- e. The triggers for activating, escalating, and implementing the recovery plan, as well as the arrangements for these actions;
- f. A brief description of the recovery options;
- g. A brief description of the scenarios;
- h. Communication;
- i. Process for regular review and testing; and

² Should reflect the provisions in paragraphs 10 to 19 on governance.

- j. A brief description of cross-border cooperation and coordination (where applicable).
25. The executive summary shall contain a short checklist of decisions and actions that the Board and senior management can use to:
- a. determine whether to invoke the recovery plan;
 - b. ascertain the nature of the problem affecting the RFI, its cause, and its impact; and
 - c. determine the recovery strategy, including recovery actions and communications.

B. DESCRIPTION OF CRITICAL FUNCTIONS AND SERVICES

26. The recovery plan should outline the RFI's business model at a high level, detailing its key activities and significant business lines.
27. An RFI shall identify its critical functions and services delivered or received from counterparties during its operations (see Appendices 5 and 6 for examples). In identifying critical functions and services, the RFI shall consider the following:
- a. whether a failure or discontinuity of these functions or services would likely result in the disruption of operations essential to the entity's functioning;
 - b. the contribution of the business line to its profit, assets, capital, liabilities or risk profile; and
 - c. strategic significance of the business line in relation to:
 - i. customer base, geographic reach, and branch network;
 - ii. market potential and growth outlook;
 - iii. attractiveness to competitors as a potential acquisition target; and
 - iv. other factors that contribute to the business line's significance to the RFI.

C. RECOVERY OPTIONS

28. RFIs shall provide a "menu of recovery options" that allow them to respond to financial stress, whether idiosyncratic or systemic, and evaluate the feasibility and impact of each option. Considering recovery options in advance is a crucial part of an RFI's preparedness and significantly increases the likelihood of recovery.
29. RFIs shall provide a general description of all available recovery options and outline the actions required to enable the timely execution of each option. RFIs should include a sufficiently broad range of recovery options in their plans to maximise the likelihood

that implementable options exist across different types of stress. Plans should be comprehensive, not just limited to easily implementable recovery options.

30. Recovery actions will vary by RFI based on its size, structure, complexity, and scale of operation. The BOG expects RFIs to explain how their recovery plans would be used to restore their financial position and viability during or following a stress event. For RFIs with simple business models, the BOG recognises that recovery options may be limited in number but expects RFIs to consider possible options carefully.
31. RFIs shall not limit the scope of their recovery plan to only extreme stress. Focusing solely on recovery options likely to be implemented late in an RFI's deterioration provides only a limited view to senior management and the BOG of the available options for the RFI. The feasibility of later-stage options may also depend on actions that could have been taken earlier during the stress.

Choice of Options

32. The choice of recovery options shall be aligned with the RFI's business model and based on realistic assumptions, supported by high-quality analysis (see Appendix 3 for examples of recovery options).
33. RFIs shall select options that are practical in real-world situations and provide sufficient benefits to be worthwhile. However, RFIs should also identify options that may not be straightforward to implement at present, as well as radical options with long-term structural implications, such as exiting a business line, debt restructuring, or the partial or full disposal of the RFI. The steps needed to make these options more viable are discussed below under Recovery Capacity.
34. RFIs should explain under which circumstances each option would be used. The plan should also set out situations where each option would not be credible, for example, due to market conditions or because options are mutually exclusive.

Quantification of the impact

35. An RFI shall quantify the impact of its recovery options by:
 - a. assessing and quantifying the impact of each recovery option in isolation (discussed in this section, 'Quantification and impact');
 - b. assessing the total impact of all options that can be implemented simultaneously under different stress scenarios, taking into account their dependencies (discussed in 'Recovery capacity' below); and
 - c. selecting the subset of options likely to be chosen to respond to specific stresses (examined in 'Scenario testing' below).

36. RFIs shall provide details and explain the expected impact of each recovery option in the analysis included in the recovery plan. The analysis should be of sufficient quality for the BOG to assess whether the impacts are credible.
37. RFIs shall ensure that the selected recovery options support their recovery while maintaining a viable post-recovery business model. They should provide evidence demonstrating that they have assessed the impact of each recovery option on themselves and the wider group, and the implementation of each option must be credible. Additionally, RFIs need to consider the systemic implications and potential combinations of options for Ghana's financial sector.
38. RFIs shall assess the financial impact of recovery options on capital, liquidity, the balance sheet, and profitability. The benefits of recovery options should be quantified pre-tax and post-tax (including deferred tax assets).
39. RFIs shall consider the valuation approach for asset disposal options and actual sale values from similar entities. RFIs should conservatively value disposals by applying price adjustments to account for distress levels. RFIs must document and explain their valuation methodology and underlying assumptions. Asset disposal options should identify potential purchasers (at least by type) and the realistic discounts necessary for a sale, considering prevailing market conditions (including the forced sale value).
40. Where a merger or sale of the whole RFI is a relevant recovery option, the RFI shall start with a fair valuation of the balance sheet and explain the risks inherent in that valuation, linking to the scenario tests it undertakes. RFIs should have the operational and systems capacity to conduct such fair value valuations in a stress scenario. The merger or sale shall align with the Bank of Ghana's Mergers and Acquisitions Directive.
41. RFIs shall consider the options available to them to raise liquidity by encumbering assets in each stress scenario. When assessing the impact of such actions, RFIs should consider the full range of potential secondary effects, including those on the cost and stability of other funding sources, as well as the RFI's risk profile and reputation.

Impact on Resolvability

42. Work done by RFIs on recovery and resolution should be consistent and seen as complementary. This includes interactions between recovery and resolution planning, structural reform, and operational continuity in resolution. For instance, actions taken mainly for resolution planning may also help with recovery planning. Conversely, RFIs should acknowledge and explain how recovery options might affect resolvability, such as the sale of a subsidiary providing critical services to other group entities.

43. RFIs must include the impact of choosing recovery options – and groups of recovery options – on the subsequent resolution in their recovery plans. For example, RFIs should assess how recovery options would affect existing barriers to resolution, the viability and sustainability of the business model, the ability to provide or support critical functions, and the potential consequences of recovery options on post-resolution restructuring.

Timelines

44. RFIs shall include timelines for implementing recovery options, clearly separating the time required to execute an option from the time required to realise its benefits. Execution time covers preparing and implementing recovery options, including governance processes, regulatory approvals, and other factors. Realising the benefits usually means the time it takes for any part of the financial impact to be achieved. However, the recovery plan should also include a timeline showing how the estimated benefits of each recovery option will accrue over time, especially if the benefits are not immediate.

Dependencies

45. RFIs shall detail and explain the dependencies among recovery options and identify where they are mutually exclusive.
46. RFIs shall outline operational dependencies and impacts when detailing the selection of recovery options. RFIs should also specify whether recovery options are contingent on third-party involvement. This includes identifying where operational, technical, and financial support from third parties is required to execute recovery options. RFIs should highlight the key regulatory and legal issues associated with executing each option, along with the necessary actions to mitigate these risks.
47. Considering the various scenarios, work-up plans for the disposal of assets and business lines should be developed in conjunction with pricing assumptions and other pertinent risks, such as exchange rate risk. For disposal options, the recovery plan should:
 - a. explain the interconnectedness of businesses and the feasibility of separating them from the wider group, while identifying measures that would facilitate this process;
 - b. include an outline of the financial, operational, and legal connections, as well as the feasibility of separation, the necessary steps for a smooth separation, and potential effects on critical service provision. The RFI shall conduct a detailed separability analysis, which must assess the impact of the disposal on critical services and the business, including all significant intra-group exposures, funding relationships, and capital flows, as well as existing and expected intra-group guarantees during recovery actions;

- c. describe any third-party consent, approvals or notices required, and any contractual obstacles that might restrict the disposal, explaining the steps that would be required to overcome these;
- d. comment on potential competition issues and how these would be mitigated;
- e. assess whether the disposal changes the tax status of the remaining business, e.g., resulting from changes in the manner in which the entity's activities are conducted with respect to applicable tax laws and regulations;
- f. describe any significant pensions or human resources issues that would need to be dealt with and how these would be overcome; and
- g. explain what due diligence information would need to be available and explain how the information would be quickly assembled, whether there would be any barriers to sharing it and how these would be overcome.

Bank of Ghana Intraday and Emergency Liquidity Facilities

48. BOG assumes that all RFIs that meet the BOG Intraday Liquidity Facility (ILF) and the BOG Emergency Liquidity Assistance (ELA) eligibility criteria can borrow from these facilities for which they have signed up.
49. When planning the use of ILF or ELA as recovery options, RFIs should:
- a. familiarise themselves with the purpose of those liquidity facilities and their eligibility criteria as outlined in the Bank of Ghana Liquidity Assistance Framework;
 - b. consider the circumstances in which they would need to access those facilities and discuss options with the BOG at an early planning stage;
 - c. test the operational aspects of their plan for accessing the BOG liquidity facilities (including by carrying out periodic test trades with the BOG where required, internal testing of the speed of collateral processing, taking actions to address any specific BOG requirements and to mitigate any other hurdles);
 - d. raise funds from a representative portfolio of the assets they would expect to provide as eligible collateral to access the BOG liquidity facilities (e.g., government debt securities if using the ILF);
 - e. undertake an analysis of eligible collateral and the drawing capacity against these; and
 - f. ensure that an appropriate amount of eligible collateral is pre-positioned and submitted to the BOG.
50. In the recovery plan, the RFI should identify the range of recovery options that would enable the RFI to repay any BOG liquidity support received.

D. RECOVERY CAPACITY

51. The recovery capacity of an RFI represents the extent to which the recovery options allow the RFI to recover in a range of scenarios of severe macroeconomic and financial distress.
52. RFIs are expected to understand the total financial benefits they can realistically achieve across various stress scenarios, if needed. The recovery capacity should cover the combined benefits of all options under different stress types. This differs from scenario testing, in which RFIs assess which options are most likely to be selected under specific conditions across multiple scenarios.
53. For each recovery option, the RFI shall conduct an impact assessment (see Appendix 1) that considers the financial and operational impact on the RFI as well as the external impact. The RFI should also conduct a risk assessment on the option's feasibility, specifically examining the risk that it may not be implemented, as well as the systemic consequences that could arise from its implementation. Additionally, the RFI should outline a decision-making process for implementing each recovery option, tailored to that option.
54. In determining the recovery capacity, RFIs may consider the guide set out in Appendix 2, having regard for their size, nature, structure and complexity.
55. RFIs shall include a range of estimated potential impacts and assumed timelines for each recovery option in this exercise (and consequently, a range of recovery capacities). However, for scenario testing, a conservative point estimate should be employed (see 'Scenario testing' below).
56. RFIs shall ensure that they have sufficient credible options to restore their capital and liquidity positions to appropriate levels during or following a stress. When assessing the capacity of these options, RFIs should consider the likely actions of peers under stress.

E. RECOVERY INDICATORS

57. Recovery indicators determine the point at which an RFI begins to consider appropriate recovery options in a given situation. This is critical because an appropriate recovery indicator framework supports effective plan implementation. RFIs shall therefore ensure that the scope of their indicators is sufficient and that the calibration levels are adequate to allow the timely implementation of the required recovery measures.
58. RFIs shall ensure that they have a coherent process for monitoring indicator metrics within their management information framework. RFIs should outline the governance framework for monitoring indicators and associated escalation procedures.
59. An RFI's recovery plan shall provide details on how recovery indicators are incorporated into its risk management framework. It should also include how

indicators align with liquidity or capital contingency plan triggers. RFIs should monitor the same set of metrics in both the contingency planning and recovery planning frameworks to provide a consistent approach to monitoring risk across the RFI.

Scope of indicators

60. An RFI shall ensure that the scope of the recovery indicator framework adequately captures and identifies the key vulnerabilities faced by the RFI. An appropriate scope of indicators is crucial to encompass a wide range of developments and enable the RFI to monitor all relevant areas.
61. RFIs shall ensure that their indicator framework maximises the chance of being alerted to an oncoming stress with sufficient notice to implement and realise the benefits of any necessary recovery options.
62. The BOG recognises that RFIs face very different risks due to diverse structures and activities, as well as business and funding models—and therefore, the indicators each institution must monitor may differ. Consequently, a minimum list of categories and indicators for inclusion in all recovery plans has been specified in Appendix 4(a) and (b) of this Directive.

Selection of Indicators

63. The categories of recovery indicators outlined in Appendix 4(a) are mandatory and shall be included in the recovery plans of all RFIs; however, categories of recovery indicators outlined in Appendix 4(b) may be excluded by an RFI subject to satisfactory justification to the BOG.
64. RFIs shall develop a set of recovery indicators comprising both quantitative and qualitative indicators, relating to the solvency and liquidity of the RFI under stressed scenarios. RFIs shall ensure that the indicators are capable of being monitored and are clearly defined.
65. The selected recovery indicators shall be tailored to the nature, structure, organisation, size and complexity of the RFI as well as the complexity of its business model or operations and the inherent risk drivers.
66. RFIs shall ensure that the recovery indicators are sufficiently diverse to capture an extensive range of stress scenarios of varying nature and severity.

Establishment of thresholds

67. The thresholds set for recovery indicators should act as recovery triggers and should be used as a prompt to consider the situation and whether it is appropriate to take any actions; for example, it might trigger the convening of a decision-making committee of either senior management or the Board. This is meant to

allow RFIs flexibility in their responses; therefore, the indicator trigger should not be used as an automatic trigger for predefined management actions.

68. RFIs shall ensure that the thresholds for the recovery indicators are calibrated to be timely and sufficiently forward-looking to provide enough notice for RFIs to take corrective action.
69. The BOG expects RFIs to explain and justify the calibration of the indicators in their recovery plans. This should be based on the following factors:
 - a. The range of credible recovery options available to the RFI should be significant. Credible later-stage options that could be implemented quickly and easily would alleviate concerns about calibrating indicators to trigger later in a stress situation.
 - b. The expected time needed to carry out recovery options, taking into account governance arrangements, regulatory approvals required in all relevant jurisdictions, and operational challenges to implementation. RFIs that depend on options that are likely to take considerable time to execute should have indicators adjusted accordingly to give sufficient advance warning.
70. Where the RFI has defined its risk appetite and/or risk tolerance for a specific indicator metric, indicators should be calibrated against these levels so that recovery options can be implemented to diminish the likelihood of the RFI exceeding its risk tolerance (or to explicitly acknowledge that the Board may alter the RFI's tolerance under specific, defined circumstances).

F. SCENARIO TESTING

71. An RFI shall conduct scenario testing to demonstrate that the recovery plan is suitable for use in a range of different types of stress and to test how various components of the plan (such as indicators, governance, and options) interact under these stresses.
72. RFIs shall define a set of stress scenarios (idiosyncratic, systemic, and a combination of the two) under which the efficiency of various recovery options can be evaluated based on their impact on capital, liquidity, profitability, strategic plan, the sustainability of their business model, and operations. The scenario generation for the recovery plan will incorporate instructions issued by the BOG from time to time. It should also take into account the Financial Stability Review³ publication on stress testing.
73. RFIs shall use an adequate range of scenarios that are relevant to its business model and are sufficiently severe to test the plan. The RFI should define and justify its point

³ This is published on the Bank of Ghana's website.

of near failure, and the scenarios should be sufficiently severe to push the RFI to this point (i.e., a reverse stress test). In determining the scenario, RFIs should consider how it relates to their risk appetite, as well as the impact, severity, duration, and pace of materialisation of stress scenarios.

74. RFIs shall provide a detailed explanation of each scenario. Additionally, RFIs shall clearly show which recovery indicators are triggered in each scenario and at what point they are triggered. RFIs shall also specify the impact of the scenario on the RFI and include any relevant context (e.g., macroeconomic environment) that could influence the RFI's ability to execute recovery options or affect the benefits of those options needed to respond to the stress. RFIs are encouraged to ensure their scenario-testing approach is consistent with and builds on their existing stress-testing capabilities.

Use of scenarios for testing the plan:

75. RFIs shall employ scenario testing to enhance the consistency of various components of the recovery plan (i.e., options, indicators, governance arrangements, etc.) and demonstrate that the plan is credible. The scenario testing ought to assist in evaluating the range of financial and non-financial factors that could affect the RFI's ability to recover from different types of stress.
76. RFIs shall explain which recovery options would be used in each scenario and show that these options are suitable for restoring the RFI to viability. RFIs should model the capital and liquidity profiles over time for each stress scenario, illustrating both with and without the recovery options in place. RFIs should provide a detailed breakdown of liquidity needs, where relevant by currency, for each stress scenario over time. RFIs must identify the point at which they consider themselves no longer in recovery and explain the viability of the business model after the stress scenario.

G. TESTING AND REVIEW

77. An RFI shall test and review the recovery plan to help ensure its effective implementation, for instance, by conducting periodic simulation and scenario exercises. Such testing and review shall occur at least annually or in the event of a material change in an RFI's structure, operations, strategy, risk exposure, financial conditions, or overall macroeconomic conditions that would significantly impact the recovery plan.
78. RFIs shall also review all assumptions (exogenous and firm-specific) that underpin the recovery plan and continuously assess their relevance and applicability to the plan.
79. The RFI shall update its recovery plan as needed following the completion of each test and review.

Fire Drill

80. Fire drill exercises are 'live' simulation-type exercises where RFIs act out key parts of a response to a designed scenario. This is a useful way to test the effectiveness of the recovery plan in a 'live' situation. RFIs shall conduct at least one fire drill exercise on their recovery plan biennially.
81. Fire drill exercises ought to be supervised by senior management and should include senior personnel who will need to utilise the relevant sections of the plan to make decisions under stress. The outcome of the fire drill shall be reported to the Board.
82. RFIs should use the findings of these exercises to improve their plans and demonstrate how the arrangements set out would work in practice. RFIs should include a self-assessment of the fire drill in their subsequent recovery plan.

H. COMMUNICATION PLAN

83. Recovery plans shall include a clear communication plan for sharing timely and relevant information with stakeholders (both internal and external) during the RFI's recovery process. Specifically, RFIs must consider how to manage any negative market reaction to recovery options, minimise the potential impact on their financial position and brand, and outline how the approach aims to reduce the wider impact on the financial system.
84. RFIs shall establish a clear implementation plan for communication, tailored to each recovery option. Scenario testing should explain how the communication plan would mitigate risks associated with implementing the various recovery options.
85. RFIs shall include in their recovery plans guidance on who their key stakeholders are, what information they would reasonably expect to receive during the recovery process, the communication channels for disseminating the information, and the authorised persons responsible for the timely and effective provision of information.
86. RFIs shall ensure that the communication source is centralised to maintain consistency in messages sent to internal and external stakeholders and include a list of persons responsible for approving communications in the recovery plan.
87. RFIs shall include the contact list of those who need to be informed and a protocol of what can be communicated as well as how it should be communicated in the recovery plan.
88. RFIs shall review and update the communication plan whenever there is a review of the recovery plan.

I. MANAGEMENT INFORMATION SYSTEMS

89. An RFI shall outline its overall policy for managing information, along with a detailed breakdown of the specific information needs for each recovery option. It should also

show it can meet its own information needs under each recovery option, as well as those of its regulator.

90. RFIs shall provide a detailed inventory and description of the key management information systems and applications, including those for risk management, accounting, financial and regulatory reporting, used by the RFI and its material entities.
91. For each system or application, the description shall include the legal owner or licensor, its use or function, any related service level agreements, software and system licences, and associated intellectual property. At a minimum, the following details should be provided:
 - a. a mapping of the key management information systems and applications to the material entities, critical operations, and core business lines of the RFI that utilise or depend on such systems and applications;
 - b. the procedure for restoring backup systems in the event of sudden disruption or failure of key systems;
 - c. an identification of the scope, content, and frequency of key internal reports that the RFI utilises to monitor its financial health, risks, and operations;
 - d. a description of the process for appropriate supervisory or regulatory authorities to access management information systems and applications;
 - e. a description of the capabilities of the RFI's management information systems to collect, maintain, and report on information underlying the recovery plan to senior management and the Board of the RFI in a timely manner;
 - f. any deficiencies or weaknesses in these capabilities should be described, along with the actions the RFI plans to take to address these deficiencies or weaknesses promptly and the time frame for implementing those actions; and
 - g. a description of the methodology used to establish exposure limits and participation in trading and derivative activities. Identify significant off-balance sheet exposures of the RFI and its material entities, including a mapping to its essential operations and core business lines.

J. RECOVERY PLANNING FOR RFIs WITH CROSS-BORDER AFFILIATES

92. RFIs with cross-border affiliates shall grant access to the BOG with respect to the group's recovery plan, including details regarding financial and non-financial dependencies between group entities, consistency of recovery operations, and the impact of group recovery options on that RFI. The BOG may request this information in times of crisis and normal business periods, which shall be promptly provided.

93. Each RFI shall prepare its own separate recovery plan, regardless of the group recovery plan.
94. An RFI with foreign operations shall ensure that the recovery plan encompasses recovery strategies for the entire group while incorporating separate recovery plans for its subsidiaries and branches.

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PART IV - SUPERVISORY APPROACH

95. The BOG will review the effectiveness and credibility of an RFI's submitted recovery plan to determine the extent to which the plan is aligned with regulatory requirements during off-site reviews and/or on-site examinations. In conducting its review, BOG will consider the following:
- a. the degree of integration of the recovery planning process into the RFI's risk management framework;
 - b. the robustness of the RFI's governance framework, including the level of understanding and involvement of the RFI's Board and/or senior management in the recovery plan;
 - c. the comprehensiveness and clarity of the escalation process and decision-making mechanism upon trigger of a recovery plan, and the notification arrangements and communication plan with stakeholders, including the BOG;
 - d. the capability of the RFI's management information system to facilitate timely monitoring and reporting of recovery triggers;
 - e. the appropriateness of recovery triggers, stress scenarios and recovery options developed in respect of the recovery plan;
 - f. the credibility of the assumptions underpinning the recovery plan;
 - g. the comprehensiveness of the recovery plan, in particular, whether a suitably broad range of recovery options has been considered;
 - h. the execution readiness and feasibility of each recovery option;
 - i. whether the recovery planning process is adequately resourced by the RFI in terms of staffing and expertise, with sufficient Board and senior management ownership and oversight.
 - j. Where an RFI identifies any implication for the BOG's preferred resolution strategy, BOG will consider the firm's assessment as part of its recovery plan review process.
96. RFIs shall submit their recovery plans for review annually and whenever the BOG deems it necessary. In reviewing and interpreting individual RFIs' plans, the BOG will be mindful of the rule of proportionality as outlined in Paragraph 5.
97. When assessing an RFI's recovery planning process, the BOG may request additional information from the RFI, if needed. This may include information to help evaluate the Board and senior management's understanding of the recovery plan and its integration into the RFI's risk management framework. This includes information presented to the RFI's Board for review and approval of the recovery plan or information on monitoring the status of the RFI's trigger framework.
98. Board and senior management understanding is essential to an RFI's recovery planning process, as the RFI has to be able to utilise the plan swiftly and effectively to manage a crisis. As part of the supervisory assessment process, the BOG may engage in discussions with the Board and/or senior management of the RFI on its recovery planning, governance framework, policies and processes supporting it.

99. BOG will review the execution readiness and the feasibility of each recovery option. To ensure that an RFI's recovery plan is comprehensive, BOG may ask the RFI to test its recovery options against scenarios determined by the BOG. The RFI may also be requested to explore additional recovery options not considered in the submitted recovery plan if its menu of recovery options is assessed to be incomplete or inadequate.
100. Following the BOG's review of an RFI's recovery plan, the BOG will communicate its feedback in writing to the RFI. Any shortfalls and gaps identified by the BOG shall be addressed by the RFI within 180 days upon receipt of the notice. The RFI shall outline a remedial plan that includes the necessary remedial actions, along with an indicated timeframe for their completion. If an RFI fails to take corrective actions within the stipulated time, the BOG may take appropriate remedial measures under Act 930.

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PART V - APPENDIX

APPENDIX 1

Impact Assessment

Impact assessment would inter alia include financial (liquidity, capital, profitability, etc.), operational, external and systemic assessments (impact on interconnected and unconnected stakeholders) and any valuation assumptions for the value and marketability of core business lines, operations and assets. The impact on the balance sheet or critical ratios can be presented in tabular form (sample attached below).

Recovery Options	Capital Impact	Risk-Weighted Asset Impact	Liquidity Impact	Expected Balance Sheet Contract	Assumptions to Quantify Liquidity and Capital Impact	Profitability Impact	Expected Time to Realisation of Benefits	Summary of Risks/Hurdles to Implementation	Franchise Impact (Low, Medium, High)
1	2	3	4	5	6	7	8	9	10

Feasibility assessment would inter alia include risks associated with each recovery option based on the RFI's experience or other market participants' experience in the implementation of such options or other similar measures; Material impediments in the effective and timely execution, Assessment of the continuity of operations; Assessment of the expected time frame (implementation and effects); assessment of the effectiveness of recovery options; Adequacy of the indicators which will trigger the recovery options; Assessment of impact on resolvability of the bank in case an option is employed.

APPENDIX 2

Methodology for Calculating Recovery Capacity

BOG considers the following to be an appropriate methodology for calculating recovery capacity:

- a. Total recovery capacity should be calculated individually for each stress scenario included in the RFI's recovery plan;
- b. To assess the RFI's existing total recovery capacity for a scenario, it should first identify all available recovery options that could credibly be used to respond to the scenario. The depth of the analysis should match the RFI's size and complexity;
- c. For each of these credible options, the RFI should establish the expected impact and its timeline, considering the likely actions of peers and other RFIs during the stress;

- d. the RFI should specify the most effective and credible combination of these options that can be used to respond to the stress. The credibility of the combination should take into account the dependencies between options, including operational ones, and the viability of the business model after recovery;
- e. the RFI should sum up the expected impact of each of the options that feature in this combination. The result is the RFI's existing total recovery capacity for the specific scenario. RFI should show how the recovery capacity accumulates over time;
- f. the RFI should assess factors that could hinder successful recovery option use and ways to mitigate them. If it plans to improve or establish new recovery options, it should calculate its potential recovery capacity; and
- g. the RFI can calculate its potential recovery capacity by following the same method used to calculate existing recovery capacity but shall now include the impact of options dependent on the planned changes or improvements mentioned in (f) above. Potential recovery capacity should be shown separately from existing recovery capacity.

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APPENDIX 3

List of Potential Recovery Options

Recovery Option	Descriptions
Capital raising	<ul style="list-style-type: none"> a) External share capital increase b) Share capital increase by the parent institution c) Additional Tier 1 capital increase d) Tier 2 capital increase
Disposal	<ul style="list-style-type: none"> a) Sale of banking branch/subsidiary b) Initial public offering of banking subsidiary c) Sale of banking minority stake d) Sale of a non-banking entity e) Sale and lease-back transactions
Asset sales	<ul style="list-style-type: none"> a) Stocks b) Bonds c) Real estate d) Transfer of assets e) Other illiquid assets
Liability management	<ul style="list-style-type: none"> a) Rollover issuance of Additional Tier 1 instruments b) Rollover issuance of Tier 2 instruments c) Internal liquidity support from the parent institution d) Internal liquidity support from an affiliated (non-parent) institution e) Repurchase of liabilities under book value f) Liquidation of collateral in case of customer default g) Adjustment of existing credit lines within the credit business h) Utilisation of existing lines i) Cease trading activities j) Intensify deposit retention efforts, i.e., customer incentives
Cost savings	<ul style="list-style-type: none"> a) Containment/reduction of staff costs (e.g., cancel bonus payments, reduction of working time, cut in voluntary benefits) b) Stop/delay investments in facilities and equipment c) Stop/delay investments in IT d) Major expenditure cutbacks e) Renegotiation of existing contracts
Earnings retention	<ul style="list-style-type: none"> a) Non-payment of coupons on Tier 1/Tier 2 issues b) No distribution of dividends
Access to wholesale funding	<ul style="list-style-type: none"> a) Repurchase agreement b) Issuance of covered bonds c) Issuance of unsecured bonds
Reduction of riskiness/improvement of risk profile	<ul style="list-style-type: none"> a) Reduction of new business origination b) Syndication of existing loans c) Sale of existing loans d) Securitisation e) Synthetic securitisations f) Early termination of derivatives in the banking book
Mergers	Merger with an affiliated institution or a non-affiliated institution

APPENDIX 4(a)
Institution-Specific Recovery Indicators

Categories of Recovery Indicators	Recovery Indicators
Capital Indicators	<ul style="list-style-type: none"> g) Common Equity Tier I ratio h) Total capital ratio i) Leverage ratio j) (Retained earnings and reserves) / Total equity k) Adverse information on the financial position of significant counterparties
Liquidity Indicators	<ul style="list-style-type: none"> a) Liquidity Coverage Ratio b) Cost of Wholesale Funding c) Net Stable Funding Ratio d) Concentration of liquidity and funding sources e) Cost of total funding (retail and wholesale funding) f) Average tenure of wholesale funding g) Contractual maturity mismatch h) Available unencumbered assets
Profitability Indicators	<ul style="list-style-type: none"> a) Return on Assets or Return on Equity b) Operational Losses c) Cost-income ratio (operating costs / operating income) d) Net interest margin
Asset Quality Indicators	<ul style="list-style-type: none"> a) Growth rate of gross non-performing loans b) Gross Non-Performing Loans to Total Loans c) Coverage ratio (specific provisions to total non-performing loans) d) Net non-performing loans / Equity e) Growth rate of impairments on financial assets f) Non-performing loans by significant geographic or sector concentration

APPENDIX 4(b)
External Recovery Indicators

Categories of Recovery Indicators	Recovery Indicators
Market-Based Indicators	<ul style="list-style-type: none"> a) Rating under a negative review or rating downgrade b) Stock price variation c) Reputational threat to the institution or significant reputational damage
Macroeconomic Indicators	<ul style="list-style-type: none"> a) GDP variations b) Rating under a negative review or rating downgrade of sovereigns c) Unemployment rate

APPENDIX 5 - List of Potential Critical Functions

Critical Function	Details
Deposit-taking and savings	<ul style="list-style-type: none"> a) Customers' demand and savings deposits b) Fixed or short-term customer term deposits c) Demand and saving deposits from corporates d) Term deposits from corporates
Lending and loan servicing	<ul style="list-style-type: none"> a) Secured lending to individuals b) Unsecured lending to individuals c) Secured lending to SMEs d) Unsecured lending to SMEs e) Secured lending to private corporates f) Unsecured lending to private companies g) Secured and unsecured lending to the government and public institutions h) Trade finance i) Leasing j) Project financing
Payment, clearing and settlements	<ul style="list-style-type: none"> a) Payment infrastructure through TISS, ACH, Internet, ATMs, mobile money, and cross-border transactions such as PAPSS, MoneyGram, and Western Union b) Payment and Settlement of Foreign Currency c) Remittances
Financial and capital markets	<ul style="list-style-type: none"> a) Money market b) Treasury bills and bond market c) Equity market d) Corporate bond market
Wholesale Funding Market	<ul style="list-style-type: none"> a) REPO market b) Reverse REPO market c) Interbank cash markets d) Borrowing and lending among institutions

APPENDIX 6 – List of Potential Critical Services

Services	Details
Treasury services	<ul style="list-style-type: none"> a) Treasury Activities b) Booking arrangements c) Collateral management
Risk management and valuation	<ul style="list-style-type: none"> a) Centralised risk management b) Risk management units, by business line and risk type c) Embedded risk managers d) Risk report generation e) Risk IT infrastructure and personnel
Accounting	<ul style="list-style-type: none"> a) Statutory reporting b) Regulatory reporting c) Valuation activities for market positions d) Management reporting
Physical operations	<ul style="list-style-type: none"> a) Cash handling b) Access control c) Security
Human resource support	<ul style="list-style-type: none"> a) Payroll b) Staff administration (contracts) c) Communication for human resources
Information Technology	<ul style="list-style-type: none"> a) Data storage and processing b) IT infrastructure, workstations, servers, data centres and related services c) Software licences and applications d) Access to external providers (e.g., Bloomberg, stock exchanges) e) Application maintenance (software application maintenance and related data flows, to be limited to corrective maintenance during stress) f) User support g) Disaster recovery solution
Legal services and compliance	<ul style="list-style-type: none"> a) Corporate legal support b) Business/transactional legal services c) Compliance support