



## CENTRAL BANK OF SRI LANKA

17 September 2025    **BANKING (SPECIAL PROVISIONS) ACT DIRECTIONS**    No. 01 of 2025

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### RECOVERY PLANS FOR LICENSED BANKS

In terms of the powers conferred by Sections 9 and 10 of the Banking (Special Provisions) Act, No. 17 of 2023 (hereinafter referred to as BSPA), the Central Bank of Sri Lanka hereby issues these Directions on the requirement of preparing Recovery Plans (RCP) for licensed commercial banks and licensed specialised banks (hereinafter referred to as licensed banks) under BSPA, with a view to ensuring resilience of licensed banks.

- 1. Empowerment**
  - 1.1 In terms of Section 9 of BSPA, every licensed bank shall prepare an RCP as part of its risk management process, which shall provide for measures to be taken by such licensed bank in the event of deterioration of its financial position.
  - 1.2 In terms of Section 10 of BSPA, the Central Bank may, from time to time, issue Directions to any licensed bank on preparation of RCPs for such licensed bank.
  
- 2. Scope of Application**
  - 2.1 These Directions shall be applicable to all licensed banks.
  - 2.2 Each licensed bank shall have an RCP in place, prepared in terms of Section (9) of BSPA considering the nature, scale, structure, complexity and interconnectedness of the licensed bank.
  - 2.3 RCP shall provide details of all entities within the banking group covered under the recovery framework, including their business activities and interdependencies with the licensed bank.
  
- 3. Regulatory Submissions**
  - 3.1 All licensed banks shall formulate RCPs for 2025 in line with the provisions of BSPA and submit such RCP approved by Board of Directors (BOD) in case of locally incorporated licensed banks and the Regional Office/Head Office (RO/HO) in case of licensed banks incorporated outside Sri Lanka, to the Director of Bank Supervision Department (DBS) and the Director of Deposit Insurance and Resolution Department (DDIR) by 31.01.2026.



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- 3.2 Licensed banks shall provide a certification annually by BOD or RO/HO as applicable, within one month of the expiration of each calendar year, to DBS and DDIR that the latest RCP remains valid and unchanged unless there is a material change in circumstances.
- 3.3 In the event there is a significant change to RCP, licensed banks shall submit an updated RCP approved by BOD or RO/HO, as applicable, to DBS and DDIR, highlighting the significant changes made to the latest RCP in comparison to the previously submitted RCP.
- 3.4 Licensed banks shall carry out a comprehensive review of RCP in line with BSPA, in every three years and submit the updated RCP to DBS and DDIR with the approval of BOD or RO/HO as applicable, within one month from the expiration of the respective calendar year, highlighting the material changes made to the latest RCP in comparison to the previously submitted RCP.

A handwritten signature in black ink, appearing to read 'Nandalal Weerasinghe', written over a horizontal line.

**Dr. P Nandalal Weerasinghe**

*Chairman of the Monetary Board and  
Governor of the Central Bank of Sri Lanka*