
EBA RECOVERY PLANNING

REPORT ON RECOVERY PLANS DRY RUNS

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Executive Summary

Recovery planning is a core component of the European crisis management framework under the BRRD and well-embedded in the regular work cycles for both institutions and supervisory authorities. In this context, and in light of the continued importance of preparedness and resilience to unexpected stress events, the EBA has carried out a comparative analysis on how institutions test the implementation of their recovery plans through so-called ‘dry runs’.

The objective of the analysis is to take stock of current practices observed across institutions, highlighting selected observed good practices. The exercise is not intended to provide prescriptive guidance, but rather to inform institutions’ future design of recovery plan dry runs and contribute to the development of useful benchmarks for their implementation.

The analysis confirms that, although recovery plan dry runs are not explicitly covered in the regulatory framework, they are a highly effective tool for enhancing the operationalisation of recovery plans and strengthening institutions’ overall crisis preparedness frameworks. Most institutions explicitly recognise their value, using the objectives, outcomes and lessons learned from dry runs as tangible evidence of their usefulness. However, approaches and levels of maturity vary significantly across institutions. Where dry runs are conducted primarily to meet supervisory expectations, with limited senior management engagement or unclear objectives, they tend to be less meaningful and resemble compliance exercises, yielding limited insights and follow-up actions. By contrast, institutions with more mature approaches treat dry runs as genuine managerial tools, reporting results in a structured manner and using them to embed recovery planning within the broader risk management framework. In these cases, dry runs enhance internal preparedness by fostering the credibility, feasibility and organisational understanding of recovery planning arrangements.

Effective dry runs are typically driven by a multi-year roadmap aimed at progressively covering the various components of the plan, together with a clear definition of scope and objectives set ex ante. Good practice includes providing a clear description of the main steps of the exercise, as well as sharing key outcomes and lessons learned with senior management and internal and external observers. Importantly, institutions also demonstrate how these lessons are addressed and followed up in subsequent recovery planning cycles.

Even for well-structured and mature plans, dry runs have revealed useful lessons enabling institutions to strengthen their preparedness and improve their ability to respond to crises in a timely manner. As such, continued progress in the practical testing of recovery plans remains crucial going forward and can be achieved through the further development and refinement of high-quality dry run practices. Finally, dry runs – and, more broadly, crisis management frameworks – could benefit from stronger synergies and better integration of testing activities (for instance, across the recovery and resolution domains) to ensure the necessary crisis management continuum.

Introduction

1. In accordance with the EU crisis management framework under the BRRD and considering EBA's role in contributing to effective recovery and resolution planning¹, this report aims to provide insights into the development of recovery planning in the European banking sector through, inter alia, horizontal benchmarking analysis, thereby promoting better and more consistent practices. In particular, it provides a comparative analysis to assess both the state of play and the maturity of approaches on dry runs practices developed across the market.
2. The objective of recovery planning is to ensure that an institution has a credible framework for restoring its financial position in the event of a significant deterioration. A recovery plan sets out the measures – known as recovery options – that the institution can take to preserve or regain viability, safeguard critical functions, and avoid resolution, thereby enhancing resilience and reducing risks to financial stability. Such plans should be comprehensive and based on realistic assumptions that cover a range of robust and severe stress scenarios.
3. Within this context, it is of paramount importance that recovery plans' operational effectiveness is concretely and thoroughly tested through exercises that are commonly referred to as 'dry runs' of recovery plans. Dry run exercises are typically designed and conducted by institutions to test and demonstrate whether the recovery plan – or selected components of it – can be implemented in a timely and effective manner under conditions of financial stress. They are particularly valuable in enabling institutions to evaluate and strengthen their preparedness, as well as their capacity to respond in a timely and effective manner should recovery measures need to be activated. The lessons learned from dry runs can contribute to the ongoing enhancement of recovery planning and, more broadly, to the institution's ability to withstand potential crises. They also provide competent authorities with meaningful insights into the overall credibility of recovery plans and the feasibility of the actions they contain.
4. Several additional elements underscore the relevance of placing greater emphasis on the testing and implementation phase of recovery planning at the current juncture. Among these:
 - Institutions and competent authorities have now accumulated nearly a decade of experience in drafting and assessing recovery plans, thereby providing a solid foundation to progress from design to effective testing.
 - The regulatory framework for recovery planning has recently been consolidated. The [EBA Guidelines on recovery plan indicators](#)² were updated in light of lessons from the COVID-19 crisis, and the [Guidelines on the assessment of overall recovery capacity \(ORC\)](#)³ have been

¹ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

² EBA/GL/2021/11.

³ EBA/GL/2023/06.

more recently introduced. While the resolution framework contains explicit requirements regarding resolvability testing⁴, the regulatory framework does not explicitly refer to the execution of dry runs in the recovery planning space. This, in turn, creates scope for a comparative analysis to assess both the current state of play and the maturity of approaches developed across the market.

- The events of 2023 – including the failures of certain U.S. regional banks and the case of Credit Suisse – demonstrated the critical importance of institutions being crisis-ready, with recovery options that are credible, feasible and capable of timely implementation. Recent geopolitical developments further underscore the need for institutions to remain prepared for unexpected shocks and periods of heightened uncertainty.
 - Valuable parallels can be drawn with the work undertaken in the resolution domain, particularly through the recently published [EBA Handbook on Simulation Exercises for Resolution Authorities](#)⁵. This handbook provides structured guidance informed by past crisis simulations and may serve as a potential reference point for similar exercises in the recovery context.
5. Against this background, as described in the next section, the EBA conducted an analysis of the recovery plan submissions of 16 European cross-border banking groups, whose parent institutions are located in 10 different EU countries, with a particular focus on the practices observed in relation to recovery plan dry runs. The objective of this analysis is to take stock of current practices, with specific attention to execution, frequency, scope, and challenges associated with these exercises. The analysis also highlights practices that may be considered more advanced, while also identifying areas where broader progress is needed. The purpose is not to provide prescriptive policy guidance, but rather to inform institutions' potential future design of recovery plan dry runs, to contribute to the establishment of useful benchmarks for their development, and to assist competent authorities in the ongoing assessment of recovery plans. In particular, dry runs may enhance the overall credibility of recovery plans and contribute to the assessment of the key aspects of the recovery plan including, among other aspects, the recovery plan governance arrangements, as well as the credibility and feasibility of the recovery options.

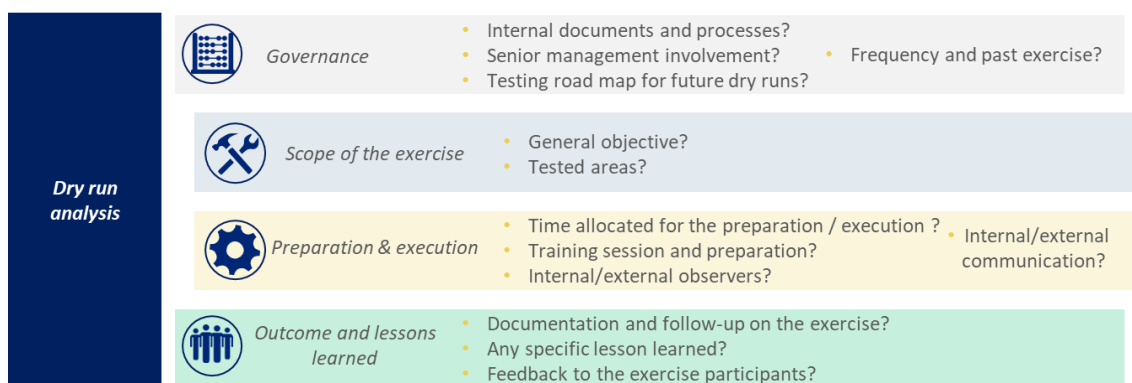
⁴ EBA/GL/2023/05.

⁵ EBA/REP/2025/20.

Approach

6. The sample used in this comparative study was determined by the availability of recovery plan submissions at the time the benchmarking analysis was conducted by EBA staff. All information included relates to recovery plan submissions made during the second half of 2024. The sample was drawn from the recovery planning submissions of 16 institutions with an established EU supervisory college under Directive 2013/36/EU (CRD), covering 10 EU countries. These submissions included the recovery plan document and, where applicable, relevant annexes such as playbooks and documents outlining recovery plan governance and underlying processes.
7. The following figure summarises the main areas of dry run execution that have been investigated. The governance area focused on institutions' internal organisation, processes, and documentation relating to the preparation and execution of dry runs, including the existence of a roadmap for future exercises and their envisaged frequency. The scope area examined the specific areas of the recovery plan selected for testing, the underlying rationale for conducting the exercises, and the expected objectives and outcomes. The preparation and execution area assessed how the exercises were organised and how they were carried out in practice. Finally, the outcome and lessons-learned area reviewed the extent to which the results of dry runs were formalised, incorporated into subsequent recovery plan submissions, and communicated to the competent authorities.

Figure 1 – Main areas of dry runs analysed



8. The next section of the Report provides, for each of the mentioned dimensions under examination, an overview of commonly observed practices, as well as potential best practices observed – supplemented, where relevant, with anonymised and non-exhaustive practical examples to illustrate their concrete implementation.
9. It is important to note that the practices identified in this report, including best ones, should be viewed with a principle of proportionality in mind. Significant differences in size, business model and cross-border activities could impact the complexity of the exercises and the extent to which certain practices might be implemented by institutions and assessed as appropriate by competent authorities.

1. Dry runs governance

1.1. General practices

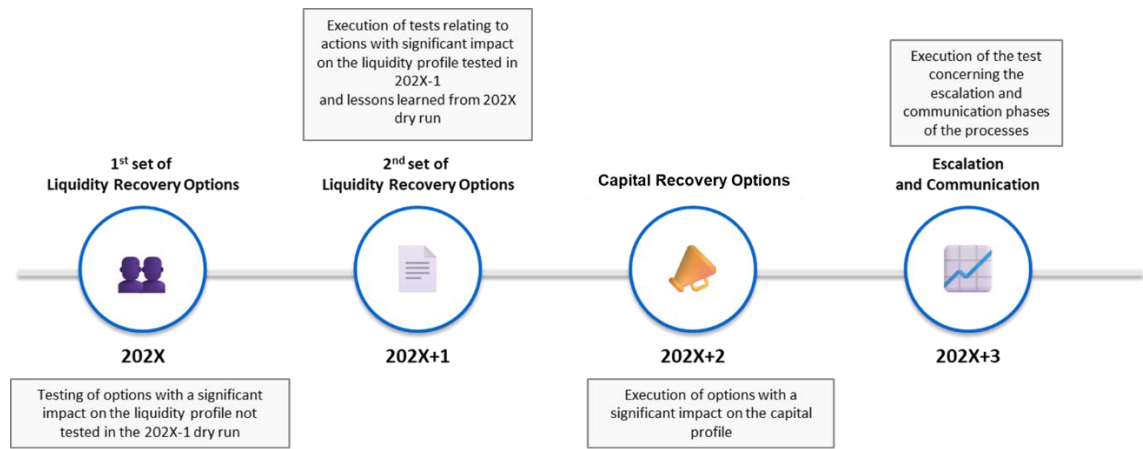
10. Two-thirds of the banks examined **have carried out dry runs in the past**. Notwithstanding the expectations communicated by certain competent authorities in the context of the 2024 recovery plan submissions, **some institutions** in the sample **did not conduct any dry runs as part of their 2024 submissions**. In most of these cases, however, **institutions explicitly indicated that dry runs in this area had already been scheduled**, either for the end of 2024 or the beginning of 2025, as part of the next recovery planning cycle. Some banks in the sample, based on the information collected, have never conducted a dry run, although some indicate that they plan to do so in the future.
11. Only a limited number of institutions provide **detail on the internal governance underpinning the execution of dry runs**. Among those that do, it is generally clarified that such exercises originate as a **bottom-up initiative from the units or areas responsible for recovery planning**, with Senior Management involved on an ad hoc basis (for example, through direct participation in simulations of the indicators and escalation framework, or by being informed of the results, but not acting as a formal approval body).
12. Most banks specify the **frequency** with which they conduct dry runs, although practices vary considerably, **ranging from annual or biennial exercises to an ad hoc approach**. In some cases, the frequency is determined by **an internal roadmap**, which sets out not only the minimum periodicity of the exercises, but also the planned dates, the areas to be tested, and the workflow governing their execution.

1.2. Observed good practices

The Unit responsible for recovery planning presents to the Board of Directors of the parent company the group recovery plan together with the respective playbook, including a description of how the dry run has been performed and highlighting the key strategic messages and results of the analysis. During this process, **the scheduling for the execution of the next dry run exercises is also presented, discussed and explicitly approved by the Board of Directors**.

The development of **a multi-year roadmap for future dry runs**, conducted at sufficiently frequent and regular intervals, with the aim of gradually covering the various components of the recovery plan, as illustrated below. As part of this process, **lessons learned** from previous dry runs will also be **reviewed** to assess whether, and how effectively, they have been incorporated into the updated recovery planning process.

Figure 2 – Illustrative examples of high-level dry runs roadmap



Submission	Title	Driver
202X RP	- Liquidation of assets - Restoring LCR	Competent authority expectation
202X+1 RP	- Crisis governance and communication	Internal Group Roadmap
202X+2 RP	- Full-scale subsidiary dry run	Internal Group Roadmap

2. Scope of the dry run exercise

2.1. General practices

13. Most banks conducting dry runs outlined ex-ante their general objectives (please see dry runs objectives in figure 3 below as an illustrative example). These were primarily aimed at **testing and enhancing internal capabilities, raising institutional awareness, training relevant stakeholders, and identifying areas for improvement**. In other cases, the stated purpose was explicitly to address prior supervisory findings or expectations, or it was not defined.
14. The **operational feasibility of implementing recovery options** emerged as one of the most frequently tested areas in the sample. This was assessed through the practical execution of such options – most commonly liquidity-related, in line with some supervisory expectations in this area – such as collateral mobilisation, issuance of debt securities, and asset sales (including non-eligible securities). In some cases, these exercises were simulated using the actual IT platform in a dedicated testing environment, in order to replicate execution under conditions as close as possible to a real case scenario.
15. Another widely tested area was the **recovery planning escalation and decision-making process**. These exercises typically assessed breaches of recovery plan indicators, the involvement of committees or relevant bodies, and decisions regarding the activation of specific recovery options.
16. **Internal and external communication strategies, as well as information availability, were tested less frequently** compared to recovery option execution and escalation processes. In some cases, entire subsets of options were tested together (e.g. those affecting the institution's liquidity profile) and, in a few instances, combined with other plan elements such as escalation frameworks or information availability. However, no institution in the sample tested the full spectrum of recovery plan components within a single dry run exercise. As noted in the previous section, good practices include defining a multi-year roadmap to gradually test different elements of the plan.
17. Where defined, the selection of topics tested within the recovery planning cycle was **mainly driven either by external factors** (e.g. testing the ability to withstand extremely severe liquidity scenarios following the spring 2023 events or meeting supervisory expectations) or by the institution's internal dry run roadmap.

2.2. Observed good practices

Clear setting of the perimeter and objectives of a dry run (see the illustrative visual examples below), which are later reviewed through an ex-post assessment as part of the lessons learned process. This includes **sharing experiences with participants and incorporating findings and lessons learned** into refinements of the recovery planning process (see also the dedicated section of this Report).

Figure 3 – Illustrative examples of dry runs scope and objectives

- ✔ **Verify that the RP could be applied quickly and effectively in a crisis situation**
 - Test how the crisis management committees deal with severe situations involving all stakeholders.
 - Verify the feasibility of the execution of recovery measures, following the guidelines from the RP.
 - Ensure appropriate actions are taken to implement correctly the recovery strategy with the aim to generate liquidity/capital and to define a strong monitoring of the impact over the business.

- 👤 **For key personnel to acquire, prove and conserve the capacity to react in special situations and in the event of a RP activation**
 - Response capability: measurement of the key personnel's ability to react to special situations and to follow the established framework within tight timings.
 - Continuous training: ensuring that personnel maintain and improve their skills to act in the event of RP activation.

- 🔍 **Identify areas for improvement and incorporate the lessons learnt into the RP**
 - Failure detection: Identification of weaknesses and areas needing improvement within the RP.
 - Incorporation of lessons learned: Integration of lessons learned into the RP to enhance future responses.



Dryruns objectives

Escalation and decision-making

To verify that escalation procedures and decision-making processes are implemented efficiently, in order to respond promptly and effectively to a potential crisis situation, including coordination between the Parent Company organization and its subsidiaries.

Information Availability

To verify the immediate availability of the information necessary for the development of the RP, including by management information systems, in order to ensure an effective decision-making and operational process.

Operational Feasibility

To verify that operational aspects are actually feasible and effective, e.g., check whether the expected timeframe for the implementation of the most relevant actions is plausible (based on simulated activation).

Communication Strategy

To verify the reliability and timeliness of communication strategies aimed at internal and external stakeholders, even when they have access to only limited information and need to act within a short period of time.

3. Dry runs preparation and execution

3.1. General practices

18. The time allocated for preparing and executing dry runs is not consistently specified across banks. Where reported, **preparation periods vary from a few months to a few weeks**, followed by shorter execution sessions lasting from one to two hours up to a couple of days. Timelines largely depend on the complexity and scope of the exercise. Governance-focused tests, such as escalation frameworks and decision-making processes, generally require less time to prepare and execute. In contrast, testing the operational feasibility of recovery option implementation – particularly when involving multiple subsidiaries – requires significantly greater effort. Specific information on the number of FTEs involved is typically not reported.
19. **Responsibility** for organising the dry run **usually lies with the unit in charge of the recovery plan**, which often coordinates with other relevant functions (e.g. finance, lending, human resources, communication, general secretariat, IT, operations), depending on the nature of the exercise. In a few cases, institutions established dedicated cross-functional teams of experts to manage the dry run.
20. **Ex-ante training sessions** for broader staff **are uncommon**, as some institutions argue that dry runs should remain unexpected to better simulate real-life events. However, in certain cases, preparatory sessions were conducted, particularly when exercises involved subsidiaries across different countries. Here, even short prior notice was considered necessary to ensure more efficient execution given the complexity of the simulation.
21. The degree of **integration between recovery dry runs and resolution planning varies** among institutions. Most do not identify clear interlinkages between the two processes. Others, however, attempt to **leverage information** gained from resolution planning in recovery plan dry runs, and vice versa, recognising the mutual informational benefits – especially regarding data availability for certain recovery options. This approach is highlighted as a good practice in the following section. Only limited, high-level references to connections with business continuity plans were identified.
22. In most cases, **competent authorities are not directly involved** in dry runs and are only informed ex-post (see also next section on ‘Outcome and lessons learned’). In some instances, central banks may participate in their role as monetary authorities, particularly in testing emergency liquidity options, such as the use of business-as-usual central bank facilities.
23. In some cases, usually in the context of more developed and complex dry run programmes, **external observers** – either internal or external auditors or consultancy firms – **participate and provide feedback on the exercise**.

3.2. Observed good practices

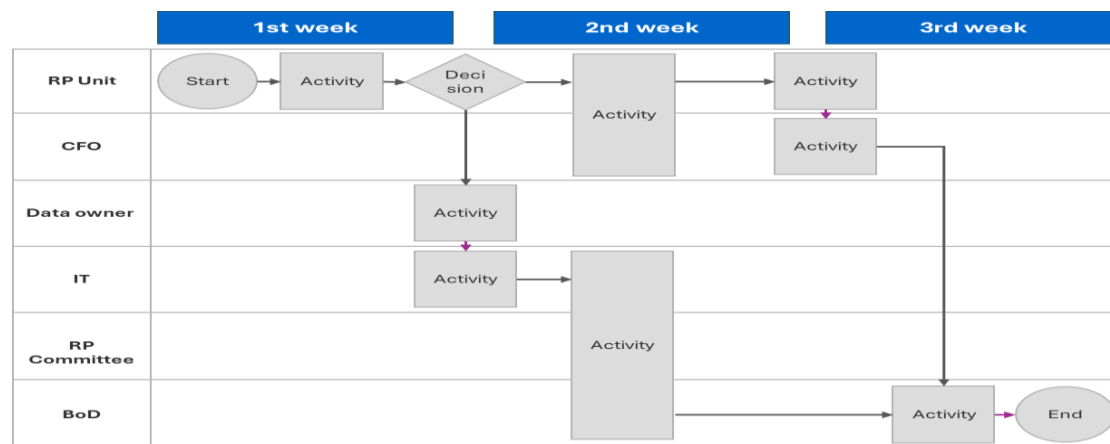
Sufficient time allocated to both preparation and execution of the exercise to ensure the meaningful involvement of relevant units and a realistic simulation of real-life interactions. Preparation of a dedicated set of pre-briefing materials ('dry run documents kit'), containing all relevant information on the exercise's structure and objectives, the decisions to be taken, and supporting materials from the recovery plan.

Involve subsidiaries' management and staff where relevant as **intra-group cooperation** could be key for effective escalation, decision-making and ultimately implementation of recovery measures.

Provide a **clear, well-defined, and formalised assignment of roles and responsibilities** to different units and committees throughout the various phases of the exercise (see figures below).

Leverage synergies – when available – **between resolution and recovery plan dry runs**, particularly regarding information availability, to ensure consistent inputs across these two related processes and to consider whether dry runs carried out in the resolution context may potentially be used to support the testing of certain related aspects of recovery plans and vice versa.

Figure 4 – Illustrative examples of dry runs planned activities and involved functions/committees



Actual Date	Events / Tasks
XX	Kickoff
XX+2	Recovery Plan Committee after recovery plan indicator breach
XX+3	Recovery plan execution period Governance of recovery phase + recovery options implementation
XX+31	Recovery Plan Committee after subsequent recovery plan indicator breach
XX+33	Recovery plan execution period Governance of recovery phase + recovery options implementation
XX+61	Recovery Plan Committee meeting after the execution period
XX+3	External communication

4. Outcome and lessons learned

4.1. General practices

24. The **outcome of dry runs** conducted within a given recovery planning cycle **is typically included in the subsequent recovery plan submission**. Many institutions also include results from dry runs conducted in previous years, even if no new exercise was carried out for the latest submission. In most cases, this reporting remains relatively high-level and is presented mainly in the core body of the recovery plan. In a smaller number of cases – highlighted as good practices – institutions provide **comprehensive documentation of the dry run**, striking a balance between sufficient detail and a focus on key outcomes and takeaways.
25. Most banks conducting dry runs identified lessons learned and areas for improvement. The most frequently cited areas were:
- a) **Recovery plan governance adjustments**, mainly concerning the refinement of internal steps related to the involvement of senior management or relevant committees/bodies in the event of breaches of recovery plan indicators, as well as the subsequent decision-making process for implementing recovery options;
 - b) **Recovery options specification**, in most cases involving the inclusion or amendment of preparatory measures, or changes in the description of their operationalisation phase in subsequent recovery planning cycles. In a few cases, lessons learned from dry runs also contributed to the upgrade or downgrade of the feasibility assessment of recovery options, compared with the initial assessment included in the recovery plan;
 - c) **Interaction with supervisors**, particularly in cases where this aspect was not simulated as part of the exercise. Some institutions considered such simulation crucial for effectiveness and realism, especially with respect to the implementation of more complex and time-consuming recovery options.
26. In some cases, dry runs **did not generate significant lessons learned**. These instances were often characterised by limited documentation – not only regarding lessons learned, but also the objectives, preparation, and execution of the exercise. By contrast, good practices were observed where institutions **presented conclusions, shortcomings, and lessons learned in a structured way**, enabling a clear record of measures needed to enhance future recovery planning and dry runs.
27. As noted earlier, competent authorities are not regularly involved in dry runs. However, they are typically informed of the exercise and its main outcomes **through subsequent recovery plan submissions**. Only a minority of institutions provided notification in advance of the exercise itself.

4.2. Observed good practices

Provide clear descriptive coverage of the **main steps undertaken during dry runs**, including relevant meeting minutes (e.g. where senior management and/or committees are involved) and snapshots of major operational steps (e.g. where recovery option implementation or communication to competent authorities/external stakeholders is simulated).

Share a **recap of the simulation, key results, and lessons learned with key players** (including internal and external observers) **and senior management**, showing how these will be addressed and followed up in the future recovery planning cycles.

Identify concrete lessons learned and action points, formalised in an internal action plan with priorities, responsible parties, and timelines.

Figure 5 – Illustrative examples of dry runs outcome and reflection on lessons learned

Activity Number	Step	Description	Int/Ext	Involved parties	Time	Duration	Contact point	Execution Date
...

Priority	Category	Responsible	Problem Identified	Description	Area	Timeline
B (minor)	Governance	Unit A	Confirmation of activation of recovery phase	...	Governance	Next recovery plan submission
B (minor)	Recovery option	Unit B	Option Interdependence	...	Option Execution	Next recovery plan submission
A (major)	Prior permissions and communication	Unit C	Additional documentation needed	...	Option Execution	6 month
A (major)	Recovery option	Unit B	Option feasibility in the simulated scenario	...	Option Execution	6 month

5. Conclusions and remarks

28. The analysis confirmed that **testing recovery plans through dry runs is an extremely useful and effective tool to enhance their operationalisation** and, more broadly, to **strengthen institutions' internal crisis preparedness frameworks**. As noted in the previous sections, this view is directly confirmed by the majority of institutions, which present the objectives, outcomes, and lessons learned of their dry run exercises as clear evidence of their value.
29. **Approaches to dry runs vary significantly across institutions**. In some cases, dry runs have never been executed, resulting in a lack of practical experience in the concrete testing of recovery plans. These differences can be explained by variations in the nature and complexity of institutions, but also by the **differing maturity of their approaches to recovery, supervisory expectations and the degree of senior management involvement and commitment**.
30. The varying levels of maturity are particularly evident in the way dry runs are carried out, described, and documented. Where the **purpose of the exercise is unclear**, or where a dry run is performed with the sole objective of **responding to explicit supervisory requests**, the exercise and its reporting – along with any lessons learned – **tend to be less meaningful**. In such cases, dry runs often resemble compliance checks, with generally positive outcomes, no lessons learned, and no follow-up action.
31. By contrast, where **dry runs lead to significant improvements and contribute to better recovery planning**, results are presented in detail and positioned as **effective managerial exercises**. In these cases, **dry runs can also add value to competent authorities' assessments** by demonstrating that the recovery plan is embedded in the institution's risk management framework and broadly understood across the organisation, making it more practical and readily implementable if needed.
32. While **competent authorities' involvement in dry runs remains limited**, some institutions reported plans **to further engage them** – particularly in terms of information exchange and, potentially, participation – **to increase the effectiveness of the exercises**. This could also represent an additional step toward increasing the realism of the simulations.
33. Dry runs, and the crisis management framework more broadly, could benefit from stronger synergies among authorities and better **integration of testing activities** (for instance, recovery and resolution). Such an approach would help to **reduce duplication of efforts for both institutions and authorities**, while promoting consistency in assumptions and outcomes across exercises. Beyond the efficiency gains, enhanced alignment would also support a more coherent supervisory and resolution framework and strengthen the overall effectiveness of the testing process.

34. In conclusion, the analysis highlights that **practical testing of recovery plans through dry runs remains essential going forward, with the design of effective recovery plans**. Given their demonstrated usefulness, it is important for institutions to maintain regular, high-quality testing of key recovery plan elements. Even in the case of well-structured and mature recovery plans, dry runs have consistently generated valuable lessons, strengthening institutions' preparedness and their ability to respond to crises in a timely manner. **Institutions are therefore encouraged to continue progressing in this direction**, taking into account, **where appropriate, the practices highlighted in this report**.



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