

Cabinet Resolution No. (25) of 2025
Regarding the Write-Off System for Bad Debts of
the Emirates Development Bank

The Cabinet,

- Having reviewed the Constitution;
- Federal Decree by Law No. (7) of 2011 Regarding the Establishment of the Emirates Development Bank;
- Cabinet Resolution No. (19) of 2015 Regarding the Bad Debts Write-Off System; and
- Upon the proposal of the Minister of Industry and Advanced Technology, Chairman of the Board of Directors of the Emirates Development Bank, and the approval of the Cabinet,

Hereby resolves as follows:

Article (1)

Definitions

Wherever mentioned in this Resolution, the following words and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

The Bank	: The Emirates Development Bank (EDB).
Board of Directors	: The Board of Directors of the Bank.
Bad Debt Write-Off	: Any action taken by the Bank to reduce or fully eliminate the value of non-performing credit facilities or any part thereof, by settling them using the relevant special credit provisions or through recording them under the profit and loss account for the current fiscal year.

Article (2)

Bad Debts

For the purposes of applying the provisions of this Resolution, a debt shall be classified as a bad one in any of the following cases:

1. Where the Bank is unable to recover the debt from any of the debtors or guarantors, after all necessary administrative, legal, and judicial procedures have been exhausted to collect the debt.
2. In the event that five (5) years have lapsed since the debt was classified under the category of "Non-Performing Loans," according to the classification adopted by the Central Bank of the United Arab Emirates.

Article (3)

Scope of Application

The provisions of this Resolution shall apply to all bad debts and non-performing credit facilities that have not been recovered despite the exhaustion of all necessary administrative, legal, and judicial procedures and measures, or the debts that continue to be classified as "Non-Performing Loans" for a full period of (5) years, according to the classification adopted by the Central Bank of the United Arab Emirates.

Article (4)

Controls for Actual Write-Off of Bad Debts

The full value of bad debts shall be written off according to the procedures to be determined by a Resolution from the Board of Directors, provided that the following controls are applied:

1. The unpaid debt shall be written off after measures for enforcement have been taken against all guarantees and collaterals held by the Bank and after collecting any insurance claims, if any. Exceptions shall be made for cases where, based on a technical and financial evaluation by a consulting firm approved by the Bank, it is established that the cost of enforcement against the guarantees held by the Bank would exceed the expected recoverable amount.
2. The write-off of a debt shall be conducted after all necessary legal and judicial measures

have been exhausted to recover the debt. Exceptions shall be made in cases where a legal opinion is provided by the Bank's legal department or an external legal advisor accredited by the Bank, indicating that continuing the legal or judicial procedures against the debtors and guarantors is futile. Consequently, the debt shall be fully written off from the Bank's records.

Article (5)

Accounting Controls for the Write-Off of Bad Debts

The following controls shall apply when writing off bad debts for accounting purposes:

1. The accounting write-off of debt may be conducted after at least five (5) years have lapsed since the debt was classified as "Non-Performing Loans", according to the classification adopted by the Central Bank of the United Arab Emirates.
2. The accounting write-off of debt shall be performed by amortizing the full value of the debt using relevant credit provisions and/or recording the debt under the profit and loss account, and then transferring the written-off balances outside the Bank's approved financial statements.
3. All necessary legal and judicial procedures for the recovery of the debt written off for accounting purposes shall continue until it is either recovered or actually written off, in accordance with the actual write-off controls mentioned above.

Article (6)

Cases of Partial Write-Off of Bad Debts

The Bank may write off a portion of the value of bad debts in any of the following cases:

1. Where a final judgment is rendered by the competent court that orders the payment of a sum less than the debt amount owed to the Bank.
2. Where a settlement is reached with the debtors and guarantors to pay off the outstanding portion of the debt (whether out-of-court settlement or through a settlement agreement having the binding force of a writ of execution). The implementation of the debt write-off procedures in this case shall require full payment by the debtors and guarantors of the agreed-upon or settled amount.

Article (7)

Final Provisions

1. The Board of Directors shall have the highest authority to approve the write-off of bad debts, or any part thereof, in accordance with the provisions of this Resolution and the resolutions issued pursuant thereto.
2. The Bank shall take all necessary legal and judicial measures against the debtors and guarantors if it is established that the debtors have ceased to repay their debts on their due dates due to financial instability and undermined creditworthiness*.

Article (8)

The Executive Resolutions

The Board of Directors shall issue the necessary resolutions to implement the provisions of this Resolution.

Article (9)

Repeals

Cabinet Resolution No. (19) of 2015 Regarding the Bad Debts Write-Off System, as well as any provision that contradicts or conflicts with this Resolution, shall be repealed.

Article (10)

Publication and Entry into Force

This Resolution shall be published in the Official Gazette, and shall enter into force as of the day following the date of its publication.

Mohammed Bin Rashid Al Maktoum
Prime Minister

Issued by Us:

Dated: Ramadan 03, 1446 A.H.

Corresponding to March 03, 2025 A.D.