COMPLIANCE ADVISOR OMBUDSMAN

The Independent Accountability Mechanism for IFC & MIGA

JULY 2026

Assessment Report

Regarding the Sixteenth Complaint Received in Relation to IFC's Investments in Hattha Bank Plc. in Cambodia

IFC Project Number: 44742

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner; enhance environmental and social project outcomes; and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see www.cao-ombudsman.org/about-us.

List of Acronyms

CAO	Office of the Compliance Advisor Ombudsman
FCPC	Financial Consumer Protection Center
HTB	Hattha Bank Plc.
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency

1 Executive Summary

In July 2025, the Cambodian League for the Promotion and Defense of Human Rights (LICADHO) filed a complaint on behalf of a complainant with the Office of the Compliance Advisor Ombudsman (CAO) alleging harmful lending practices in the Cambodian financial sector. The complaint involves Hattha Bank Plc. (HTB), a client of the International Finance Corporation (IFC) in which it has a direct investment.

After CAO established initial contact with the complainant and presented the available options for addressing the issues raised, the complainant chose to contact the Financial Consumer Protection Center (FCPC) in Cambodia to potentially expedite resolution and submitted a complaint to FCPC in January 2026. In March 2026, the complainant informed CAO that the issues had not been resolved through FCPC. CAO then formally acknowledged the complaint, determined that it met the eligibility criteria, and initiated an assessment of the case by the end of the month. The complainant claimed to be negatively affected by HTB's lending and debt collection practices, including the bank's refusal to restructure a loan in line with her financial circumstances, alleged threats and intimidation by credit officers, and pressure to sell land to repay the outstanding debt. During CAO's assessment, the complainant and HTB agreed to engage directly to resolve the issues raised. In May 2026, CAO received information from the parties that the issues in the complaint were resolved. In accordance with paragraph 55 of the CAO Policy,[1] CAO concluded the assessment process and closed the case.

This assessment report provides an overview of the assessment process, including a description of the project, the complaint, assessment methodology, and views of the parties.

2 Background

2.1 The Project

Hattha Bank Plc. (HTB) is a commercial bank that was licensed by the National Bank of Cambodia and Cambodia's Ministry of Commerce in August 2020.[2] It was originally established in 1994 by OCSD/OXFAM–Quebec, a Canadian organization that provided microloans to rural communes in Pursat Province. In 2001, HTB was registered as a private limited company (Hattha Kaksekar Limited) focused on development and credit for micro and small enterprises.

HTB has been a client of the International Finance Corporation (IFC) since 2015 and is the recipient of eight IFC investments in the form of loans intended to expand HTB's portfolio of micro,

[1] CAO (Office of the Compliance Advisor Ombudsman). 2021. *IFC & MIGA Independent Accountability Mechanism (CAO) Policy*. https://www.cao-ombudsman.org/policies-guidelines.
[2] For more information on HTB, see https://www.hatthabank.com/page/bank-profile.

small, and medium enterprises.[3] IFC had previous indirect financial exposure to HTB through its investment in the Microfinance Enhancement Facility.[4]

As of July 2025, IFC had only one active project with HTB (project 44742), a seven-year syndicated loan qualified as Tier 2 capital for up to US$40 million, comprising IFC's own-account investment of up to US$10 million and the mobilization of up to US$30 million. The total outstanding amount as of June 2026 was US$24 million—US$6 million of IFC's own-account investment and US$18 million of mobilized funds. The purpose of the loan was to strengthen HTB's resilience during the COVID-19 pandemic; to support its long-term strategy of increasing financing, primarily to micro, small, and medium enterprises, including women-owned enterprises; and to bolster HTB's capital adequacy. The project was approved in 2021 and classified as a category FI-2 project (limited potential for adverse impacts) according to IFC's Environmental and Social Review Procedure.

2.2 The Complaint

In July 2025, the Office of the Compliance Advisor Ombudsman (CAO) received a complaint concerning IFC's outstanding investments in HTB in Cambodia. The submission was facilitated by the Cambodian League for the Promotion and Defense of Human Rights (LICADHO), which also served as the complainant's representative during the process. The complaint raised concerns related to alleged unsuccessful efforts to restructure a loan, coerced land sale outside legal foreclosure methods, and threats and intimidation by credit officers.

After CAO established first contact with the complainant in January 2026, she contacted the Financial Consumer Protection Center (FCPC) to see if it could expedite her case. She submitted her complaint to FCPC in January, but by March 2026, informed CAO that her issues had not been resolved through FCPC and that she was interested in resuming the process with CAO. CAO formally acknowledged the complaint and, in April 2026, determined that the complaint met its eligibility criteria and initiated an assessment.

[3] IFC project numbers: 39167, 44211, 45535, and 44742.
[4] The Microfinance Enhancement Facility originally appeared on IFC disclosure documentation as the Microfinance Liquidity Facility. It was subsequently renamed the Microfinance Enhancement Facility and then renamed once again as the Global Gender-Smart Fund. See the IFC disclosure document at https://disclosures.ifc.org/enterprise-search-results-home/27827

3 Assessment Purpose & Methodology

3.1 Assessment Purpose

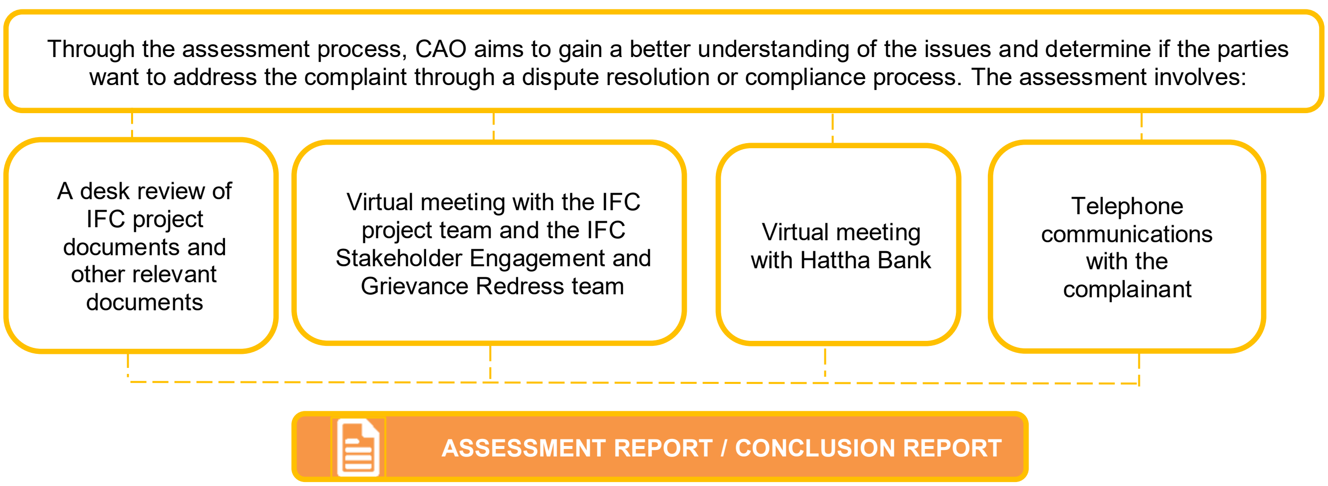
The aim of CAO's assessment process is to develop a thorough understanding of the issues and concerns raised by the complainant(s), gather information on the views of different stakeholders, and determine whether the complainant(s) and the IFC client(s) would like to pursue a dispute resolution process facilitated by CAO or if the complaint should be handled by CAO's Compliance function to conduct an appraisal of IFC's performance standards. (See appendix A for a description of CAO's complaint-handling process.)

CAO's assessment process does not judge the merits of a complaint. Instead, the aim is to understand the parties' perspectives and empower those involved to make informed decisions on how to address the issues raised.

3.2 Assessment Methodology

Figure 1 outlines the approach and methodology to be applied to CAO's assessment process.

Figure 1. CAO Assessment Process



The CAO assessment team comprised two mediators and a local interpreter based in Cambodia who assisted with Khmer translation and interpretation as needed. Engagements with the parties were conducted through virtual meetings and telephone calls.

4 Complainant's Perspective

The complainant alleged experiencing financial difficulties and social harm linked to the microfinance lending and collection practices of HTB, specifically a loan she took out with HTB in 2022. Her expressed concerns are summarized below.

Unsuccessful efforts to restructure the loan. The complainant obtained a loan from Hattha Bank to acquire land as an investment, using her family's residence as collateral and providing additional guarantors to secure the loan. The loan proceeds were invested in two plots of land through an investment company that claimed it would generate monthly returns. These anticipated returns were intended to serve both as a source of household income and as a means of fulfilling the loan obligation. However, the complainant's involvement with the investment company resulted in financial loss due to alleged fraud, disrupting the household's financial stability. The complainant was therefore unable to meet the scheduled loan payments. She said she informed Hattha Bank of her deteriorating financial circumstances and requested a restructuring of the loan to align the repayment obligations with her financial capacity. She specifically sought modifications to the repayment schedule, including reduced monthly installments and an extension of the loan term, but claimed HTB did not approve her requests.

Coerced land sale outside legal foreclosure methods. The complainant alleged that the credit officers pressured her by suggesting that she either take out an additional, informal loan or sell her land to settle the outstanding debt. She claimed that she and her guarantors were asked to attend several meetings with bank credit officers concerning the loan, during which HTB advised them of the potential consequences of continued nonpayment, including legal proceedings, the enforcement of collateral, and the possibility that the guarantors could be held liable for the outstanding debt.

Threats and intimidation by credit officers. The complainant claimed that HTB loan officers warned her that any judicial proceedings could result in additional liabilities, including legal and court-related costs. Then in 2024, the matter was referred to the courts. Notwithstanding her financial hardship, the complainant asserted that she had continued to make small payments and repeatedly sought to negotiate revised repayment terms that would allow her to continue servicing the debt. She said that HTB credit officers did not agree to restructure her loan, nor did they accept her proposed repayment plan.

When the complainant submitted the complaint to CAO, she requested her personal information be kept confidential but agreed to share her information with HTB for further negotiation.

After submitting her complaint to CAO, the complainant elected to pursue mediation through the Cambodian Financial Consumer Protection Center (FCPC) with the objective of negotiating an alternative repayment arrangement with the bank. Although the parties participated in the mediation process through FCPC, they were unable to reach a mutually acceptable resolution. Consequently, the complainant reactivated her complaint before CAO.

5 IFC Client's Perspective

The perspective of HTB, IFC's client, regarding the issues raised by the complaint is summarized below.

Unsuccessful efforts to restructure the loan. In response to the alleged concerns raised in the complaint, HTB stated that it has provided loan restructuring support to many borrowers, especially those with small loan amounts experiencing financial difficulties based on an assessment of their repayment capacity and individual circumstances. It also indicated that restructuring could include adjustments to repayment terms and that accrued interest is not capitalized into the principal balance. It claimed that borrowers facing repayment challenges are encouraged to engage with their local branch to explore options tailored to their financial situation. It expressed a willingness to engage directly with the complainant to explore ways of resolving the issues.

Coerced land sale outside legal foreclosure methods. According to HTB, when borrowers experience repayment difficulties, credit officers engage with them to explain the terms and conditions of their loan agreements, including the contractual obligations of borrowers and guarantors, as well as actions related to non-repayment of the loan. These discussions are intended to ensure that borrowers fully understand their rights and obligations under the loan agreement and applicable legal processes. HTB further explained that, in cases of prolonged delinquency, credit officers may discuss various options available to borrowers for meeting their repayment obligations, including restructuring arrangements, when appropriate. HTB emphasized that any decisions regarding the sale of assets or obtaining financial support from family members or third parties remain entirely at the borrower's discretion.

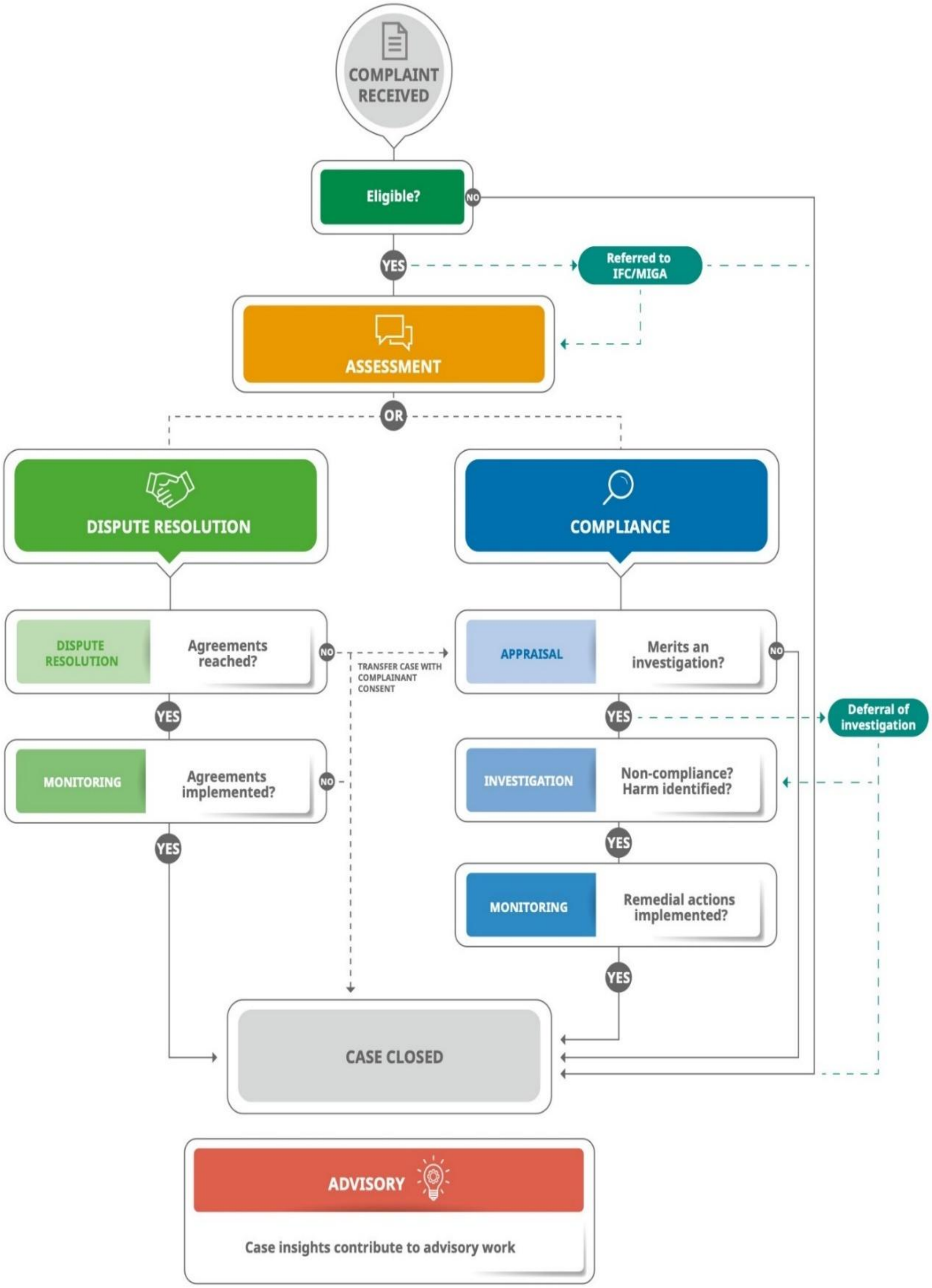
Threats and intimidation by credit officers. HTB asserted that its credit officers receive regular training on responsible lending practices, customer engagement, and compliance with the bank's policies and procedures. It expects all staff to conduct themselves professionally and respectfully when interacting with borrowers and to follow established protocols when managing delinquent accounts.

6 Conclusion & Next Steps

During CAO's assessment process, HTB offered to engage directly with the complainant to try to resolve the issues in the complaint, in accordance with CAO Policy, paragraph 55.[5] The complainant agreed to this proposal. According to the complainant, the parties then reached an agreement that included a reduction of the outstanding principal balance, with the agreed amount to be paid in full within six months. Therefore, in May 2026, the parties informed CAO that they were able to resolve the complaint through direct negotiation and asked CAO to close the case.

[5] CAO Policy (para. 55) states, "If the Parties consent, they may engage directly with one another during the assessment process to resolve the issues raised in the complaint. […] Where the complaint issues are resolved, and subject to the Complainant's consent, CAO will issue an assessment and conclusion report to close the case."

Appendix A: CAO Complaint-Handling Process



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In accordance with the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a received complaint:

Step 1: **Acknowledgment** of the receipt of the complaint.

Step 2: **Eligibility.** A determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).

Step 3: **Assessment.** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if after the 90-business day period (1) the parties confirm that resolution of the complaint is likely or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.

Step 4: **Facilitating settlement.** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.

OR

Compliance appraisal and investigation. If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. A complaint is also transferred to the Compliance function when the dispute resolution process results in partial or no agreement. At least one affected community member must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends any appropriate remedial actions following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with a possible extension of 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report is made publicly available, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO monitors the effective implementation of the action plan.

Step 5: **Monitoring and Follow-Up**.

Step 6: **Case Closure**