

DECEMBER 2025

Assessment Report

Regarding the Fifteenth Complaint Received in
Relation to IFC's Investments in Hattha Bank Plc
(IFC Project Number 44742) in Cambodia

IFC Project number: (IFC 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 <http://www.cao-ombudsman.org/about-us>.

List of Acronyms

CAO	Office of the Compliance Advisor Ombudsman
HTB	Hattha Bank Plc.
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, small, and medium enterprise
NBC	National Bank of Cambodia

1. Executive Summary

In June 2025, the Office of the Compliance Advisor Ombudsman (CAO) received a complaint, filed by the Cambodian League for the Promotion and Defense of Human Rights (LICADHO) on behalf of a complainant, concerning harmful lending practices in the Cambodian financial sector. The complaint specifically relates to Hattha Bank Plc. (HTB), an International Finance Corporation (IFC) client in which IFC has a direct investment.

The complaint raises concerns regarding the adverse impacts of HTB's lending and debt collection practices on the complainant's livelihood and social well-being. The complainant specifically alleges instances of threats and intimidation by credit officers and undue pressure to sell personal assets to repay outstanding loans. The complaint further claims that HTB declined to restructure the loan in a manner consistent with the complainant's financial capacity to pay.

During CAO's assessment of the complaint, both the complainant and HTB expressed an interest in engaging in CAO's dispute resolution process to address the issues raised in the complaint. In accordance with the CAO Policy (para. 59, p. 13),¹ the complaint will now be handled by CAO's Dispute Resolution function.

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

2. Background

2.1 The Project

Hattha Bank Plc. (HTB) is a commercial bank licensed by the National Bank of Cambodia and the Ministry of Commerce in August 2020.² It was originally established in 1994 by the Canadian organization OCSD/OXFAM–Quebec to provide microloans to rural communes in Pursat Province. In 2021, HTB was registered as a private limited company (formerly Hattha Kaksekar Limited) focused on micro and small enterprise development and credit.

HTB has been an International Finance Corporation (IFC) client since 2015 and has received four IFC investments³ in the form of loans intended to expand HTB's micro, small, and medium enterprise (MSME) portfolio. 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, consisting of IFC's own

¹ Compliance Advisor Ombudsman (CAO). 2021. *IFC/MIGA Independent Accountability Mechanism (CAO) Policy*, June 28. <https://www.cao-ombudsman.org/sites/default/files/documents/CAO%20Policy/ifc-miga-independent-accountability-mechanism-cao-policy.pdf>.

² Hattha Bank website: <https://www.hatthabank.com/page/bank-profile>.

³ IFC projects [39167](#), [44211](#), [45535](#), and [44742](#).

⁴ IFC disclosure documents originally referred to the [Microfinance Enhancement Facility](#) as as the Microfinance Liquidity Facility. The Microfinance Enhancement Facility has since been renamed the Global Gender-Smart Fund. See: <https://disclosures.ifc.org/enterprise-search-results-home/27827>.

account investment of up to US\$10 million and mobilization of up to US\$30 million. As of July 2025, the total outstanding amount is US\$24 million, of which US\$6 million is IFC's own-account investment and US\$18 million was mobilized. The purpose of the loan is to strengthen HTB's resilience amid the COVID-19 pandemic and to support its long-term strategy of increasing financing to MSMEs, including women-owned enterprises, and HTB's capital adequacy. IFC approved the project in 2021 and determined its IFC environmental and social categorization level to be FI-2 (limited potential for adverse impacts).

2.2 The Complaint

On June 2025, CAO received a complaint concerning IFC's investments in HTB in Cambodia. The complaint raises concerns related to the treatment of the borrower and her family and the handling of loan repayment difficulties. The complainant alleges experiencing loss of livelihood and intimidation by HTB representatives after facing challenges repaying a loan obtained from HTB in 2022. She indicated that she made repayments until February 2024, after which HTB initiated debt collection efforts.

The complainant alleges that threats from HTB credit officers and the lack of an effective debt restructuring process have caused significant distress to her family. The submission was facilitated by the Cambodian League for the Promotion and Defense of Human Rights (LICADHO), which is not acting as the complainant's representative in this process.

According to the complainant, her family's declining economic situation and her inability to generate sufficient income led to her defaulting on loan payments, after which HTB gave the Complainant time to sell the family's house to pay off the loan, a sale to which she did not agree. The complainant asserts that despite her efforts to negotiate a gradual repayment plan consistent with her financial capacity, HTB declined to provide feasible debt restructuring options and sued her in provincial court. The complainant further asserts that she and her family were subjected to repeated visits, intimidation, and coercive conduct by HTB's credit officers.

In August 2025, CAO determined that the complaint was eligible and initiated an assessment of the case.

3. Assessment Purpose & Methodology

3.1 Purpose of Assessment

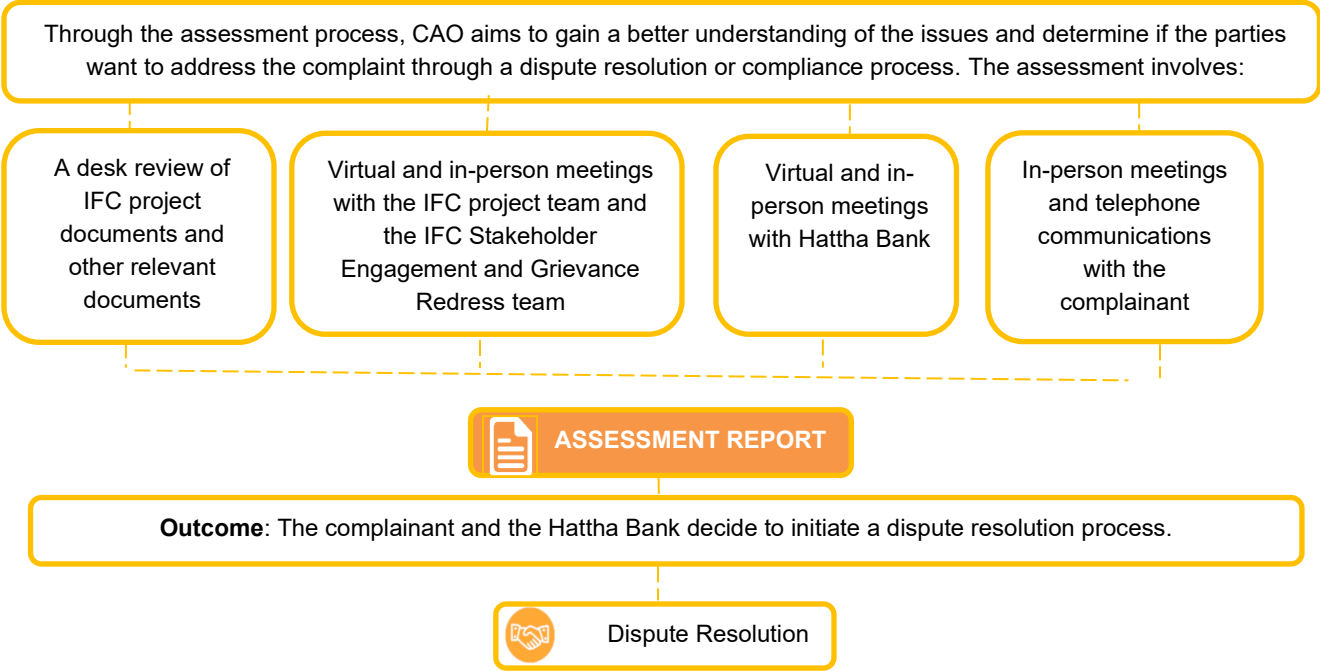
The aim of the CAO assessment process is to develop a thorough understanding of the issues and concerns raised by the complainant(s), gather information on the views of different stakeholders, and determine whether the complainant(s) and the IFC client(s) would like to pursue a dispute resolution process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

CAO’s assessment process does not entail a judgment on the merits of the complaint; rather, it seeks 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 2 illustrates the CAO assessment process’s approach and methodology.

Figure 2. CAO Assessment Process



The assessment was conducted by the CAO assessment team with the support of two mediators and a local interpreter based in Cambodia who assisted with Khmer translation and interpretation as needed. The CAO team, the mediators, and the interpreter communicated with the parties and collected information through virtual and in-person conversations and an on-site mission from September 29 to October 3, 2025.

4. Complainant’s Perspective

The complainant raised several concerns about how she and her family were impacted from obtaining a loan from HTB in 2022. The concerns articulated by the complainant are summarized below.

Unsuccessful Attempts to Resolve Loan Issues with the Bank

The complainant obtained a loan from HTB to purchase a plot of land and indicated that she invested some of the loan amount in a land company from which she received monthly income. She was, however, defrauded by the land company involved in the transaction. Following the resulting financial loss, the complainant became unable to make regular loan repayments.

The complainant alleges that HTB did not offer feasible debt restructuring options despite her proposal of a gradual repayment plan aligned with her financial capacity. She further claims that she had attempted to negotiate with HTB on several occasions but was informed that her proposed repayment schedule would unduly extend the repayment period.

According to the complainant, after her proposal was rejected, HTB initiated legal proceedings against her in the provincial court and pressured her to sell her house and land to repay the loan. The complainant said she was not invited to discuss alternative solutions prior to the legal action and that she was unable to appeal the court's decision due to financial constraints. She further indicated that since HTB filed the lawsuit in the provincial court and the judgment was issued in December 2024, no bank officers have visited her home to make inquiries.

The complainant claims that she has attempted to sell her mango plantation to settle the debt but has been unable to do so. She emphasizes that selling the mango plantation, which constitutes her household's main source of livelihood, would severely affect her income and the well-being of her family. The complainant also states that selling traditional snack cakes in her house is an additional source of income.

Threats and Intimidation by Credit Officers

The complainant alleges that she and her family experienced threats and intimidation from HTB's credit officers and branch representatives, allegedly acting at the behest of bank employees. According to the complainant, loan officers made derogatory remarks toward her and her family members during visits related to the loan repayment and, on several occasions, multiple credit officers came to her home to coerce her to sell her land and use the proceeds to repay the loan. The complainant further attests that HTB's frequent visits and persistent demands to make payments or sell her property to settle the loan have caused her and her family significant emotional distress.

5. IFC Client Perspective

HTB's view of the issues addressed in the complaint are summarized below.

Borrower Complaints Regarding Unfeasible Debt Restructuring Options

HTB asserts that it followed established procedures to assess the borrower's repayment capacity prior to approving the loan, including verifying income, valuating collateral, and checking credit history through Credit Bureau Cambodia. HTB says its lending and collection practices adhere to its internal code of conduct and the regulatory framework of the National Bank of Cambodia.

HTB stresses its commitment to ethical lending and responsible client engagement, noting that loan officers who conduct follow-up visits when repayments are delayed understand the borrower's situation and provide appropriate support. HTB says it offers loan restructuring options in line with clients' financial circumstances. Furthermore, under HTB's loan restructuring, accrued

and uncollected interest is not added to the principal even though national regulations permit the capitalization of interest.

HTB maintains that it is committed to ethical lending practices and does not engage in predatory lending or aggressive debt collection. It claims that clients requiring restructuring or rescheduling support are encouraged to contact their local branches, where loan officers work with borrowers to develop repayment plans aligned with their financial capacity. HTB also says that it has implemented standardized communication scripts for loan officers to promote transparency, consistency, and the protection of customer rights during the restructuring process.

HTB notes that it has initiatives to promote financial literacy and responsible borrowing through community education initiatives, and that, in some cases, financial distress arises when loans are not used for their intended productive purposes. Reaffirming that it does not engage in predatory lending or coercive recovery practices, HTB asserts that it remains committed to fair and transparent interactions with its clients.

Threats and Intimidation by Credit Officers

HTB claims that its policies prohibit staff from engaging in any form of threats, intimidation, or coercion; and that anyone breaching these standards is subject to disciplinary measures, including termination for serious cases, in accordance with institutional procedures and ethical guidelines.

HTB acknowledges that there may have been isolated instances in which the conduct of few loan officers did not fully adhere to its professional standards and that such actions may have been perceived by clients as undue pressure during loan repayment visits. HTB claims, however, that these occurrences are not representative of its overall operational approach or institutional values. HTB says that its code of conduct prohibits the use of threats, coercive or abusive language, public shaming, confiscation of property, discriminatory behavior, or loan collection during sensitive occasions such as family or religious ceremonies.

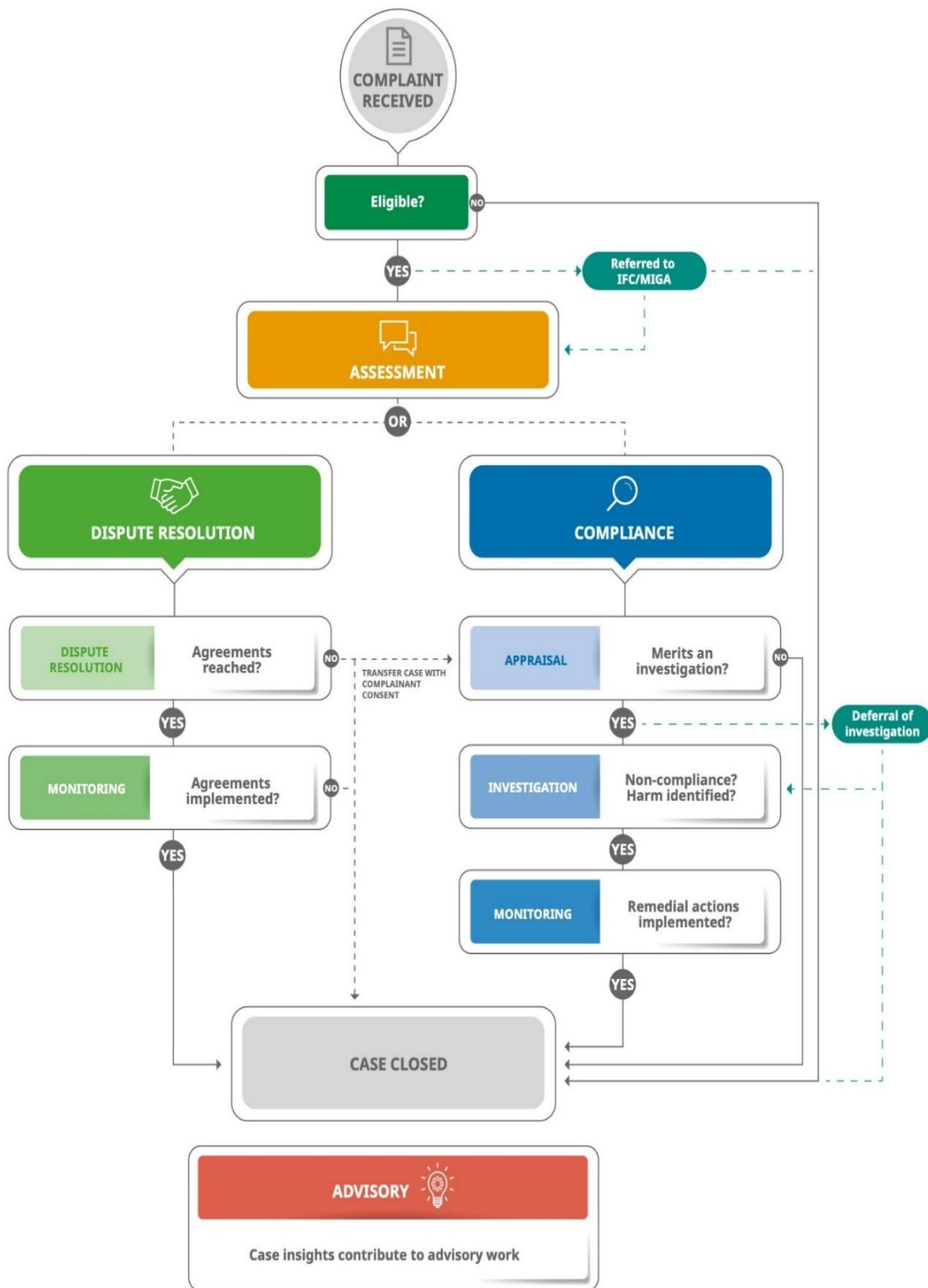
According to HTB, its code of ethics for credit collections outlines specific standards of conduct governing interactions with its clients.

HTB further asserts that loan officers are required to follow standardized communication scripts throughout all stages of the lending process, including assessment, disbursement, repayment, reminders, loan recovery, and complaint handling. According to HTB, these procedures are intended to promote consistency, transparency, and adherence to HTB's ethical standards in all client interactions.

6. Conclusion and Next Steps

The complainant and HTB agree to participate in a CAO facilitated dispute resolution process. CAO will therefore transfer the complaint to CAO's Dispute Resolution function, as per CAO Policy. CAO will facilitate the dialogue process, including assisting the parties in preparing for dialogue, agreeing on ground rules and the scope of the dialogue, and working together in a collaborative way to try to reach a resolution to the issues raised in the complaint and summarized in this assessment report.

Appendix A: CAO Complaint-Handling Process



As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgment** of 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/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a 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 remedial actions where appropriate 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 the possibility of extending by 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 will be made public, 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 will monitor the effective implementation of the action plan.

Step 5: **Monitoring and Follow-up**

Step 6: **Case Closure**