



ASSOCIATESHIP EXAMINATION
CORPORATE AND INVESTMENT BANKING
LEVEL III
APRIL 2025
(NEW SYLLABUS)

NB

1. Read carefully the instructions on the cover of the answer booklet.
2. Answer the questions as follows:
SECTION A – MULTIPLE CHOICE QUESTIONS: Answer All Questions. (Don't show any calculation for answers). (20 MARKS)
SECTION B – ESSAY QUESTIONS: Answer Two Questions. (40 MARKS)
SECTION C - CASE/SCENARIO BASED QUESTIONS: Answer Two Questions. (40 MARKS)
3. **Time allowed: THREE HOURS. An additional 15 minutes of reading time is allowed** at the beginning of the examination during which time candidates may write on this paper but not in the answer booklets.
4. Candidates must ensure that they answer the questions in the appropriate answer booklets and not on loose sheets which may be used only as supplementary sheets. Such answers will be cancelled.
5. Silent non-programmable electronic calculators may be used in this examination. Whether or not candidates use them, it is in their interest to show the basic figures from which their calculations are made.
6. DO NOT WRITE YOUR NAME ON THE ANSWER BOOKLET.
7. DO NOT OPEN THIS PAPER UNTIL YOU ARE INSTRUCTED TO DO SO.

SECTION A - MULTIPLE CHOICE QUESTIONS

ANSWER ALL. EACH QUESTION CARRIES 1 MARK. (TOTAL MARKS: 20)

1. “Cash Pooling” is a cash management technique offered by corporate banks which allows.....
 - a. Businesses to put money together for investment purposes.
 - b. Cash consolidation to minimize interest earnings on excess funds in multiple accounts.
 - c. Businesses consolidate their cash balances from multiple accounts into a central pool.
 - d. Cash consolidation to mitigate liquidity risk.
2. Which of the following is a customer touchpoint in Corporate Banking?
 - a. Cash Pooling
 - b. Interest Rate Swap
 - c. Risk Management Advisory
 - d. Online Banking Platform
3. Which of the following is not a Risk Management instrument in Corporate Banking?
 - a. Risk Hedging Solutions
 - b. Interest Rate Swap
 - c. Securitization
 - d. Credit Derivatives
4. What is the purpose of using a “prospectus” in an Initial Public Offering (IPO)?
 - a. To summarise the company’s financial performance to potential investors.
 - b. To provide information about the company and the IPO to potential investors.
 - c. To advertise the IPO to the general public to buy the company's shares.
 - d. To collect orders from investors interested in buying the IPO shares
5. What is the term for a financial instrument that represents ownership in a company and entitles the holder to a share of the company’s profits?

- a. Bond
 - b. Debenture Stock
 - c. Shares
 - d. Coupon
6. Segmenting corporate customers is a strategic approach by banks to categorize their business clients based on.....
- a. General Criteria
 - b. Specific Criteria
 - c. Generic Criteria
 - d. Business Life Cycle Criteria
7. What does “product holding per customer” mean in Corporate Banking?
- a. The amount of revenue generated per customer on each product/service.
 - b. The number and variety of products a customer holds with the bank.
 - c. The number of customers a bank holds per product.
 - d. The number of products a customer holds with every bank.
8. Which phase involves drafting and signing the Loan Agreement in the Corporate Lending process?
- a. Loan application phase
 - b. Credit analysis phase
 - c. Collection and recovery phase
 - d. Loan agreement and disbursement phase.
9. What is a bank’s interest margin if its total interest income is GHS 10,000,000 and its total interest expense is GHS 3,500,000?
- a. 65%
 - b. 25%
 - c. 35%
 - d. 45%

10. Which key metric evaluates the profitability of a Corporate Banking Portfolio?
- Gross Profit Margin
 - Net Profit Margin
 - Portfolio Margin of Safety
 - Net Interest Margin
11. What does it mean to manage Customer Experience?
- To ensure consistency across all customer touchpoints.
 - To ensure that customers' expectations are within manageable limits.
 - To ensure that customers have a positive experience at all touchpoints.
 - To ensure customers have a positive experience with the company's products and services.
12. Which of the following is not a component of a Customer Value Proposition?
- High-Quality Products.
 - Unique Selling Proposition.
 - Competitive Pricing.
 - Excellent Customer Service.
13. The sell-side of an Investment Bank structure focuses on.....
- Creating and Selling Securities.
 - Underwriting New Issues.
 - Market Making.
 - All of the above.
14. Which of the following is one of the factors driving Digital Finance?
- The need for transparency.
 - The need to improve financial literacy.
 - The need for poverty reduction.
 - The need to increase access to credit.

15. Sunrise Bank PLC has a Cost-to-Income Ratio (CIR) of 85%, which was described as high by analysts. What does a high CIR indicate?
- Low efficiency
 - Low profitability
 - High efficiency
 - High Profitability
16. What risk does a multinational oil company face from spills, leaks, and potential damage to the local ecosystems?
- Country risk
 - Political risk
 - Environmental risk
 - Operational risk
17. Tailored services for high-net-worth individuals within the corporate sphere, including Investment Advice and Asset Management is.....
- Relationship Management
 - Wealth Management
 - Investment Management
 - Transaction Management
18. Which of the following is a Trade Finance product offered by Corporate Banks?
- Documentary Collections
 - Revolving Line of Credit
 - Overdraft Facilities
 - Bill of Lending
19. What role do channel costs play in Corporate Banking?
- They help manage customer relationships.
 - They reduce regulatory compliance costs.

- c. They support product development.
 - d. They help contribute to revenue generation.
20. If the share price of a Commercial Bank listed on the Ghana Stock Exchange is GHS 5.35, with total outstanding shares of 20,000,000 and a dividend payout ratio of 25%, what is the bank's market capitalization?
- a. GHS 26,750,000.00
 - b. GHS 5,000,000.00
 - c. GHS 100,000,000.00
 - d. GHS 107,000,000.00

SECTION B - ESSAY QUESTIONS
ANSWER ONLY TWO QUESTIONS

QUESTION 1

a. Distinguish between the following terms related to Credit Management in Corporate Banking:

- i. Loan Delinquency and Loan Default. **(3 marks)**
- ii. Financial Covenants and Non-Financial Covenants. **(3 marks)**

b. Discuss the seven (7) steps banks follow during the restructuring and workout process to provide customers with the opportunity to overcome financial difficulties while also protecting the bank's interests. **(14 marks)**

(Total: 20 marks)

QUESTION 2

a. Identify and discuss three (3) specific Risk Management Services provided by Corporate Banks in Ghana to assist businesses. **(12 marks)**

b. Classify four (4) benefits of these Risk Management Services to businesses in Ghana.

(8 marks)

(Total: 20 marks)

QUESTION 3

a. Distinguish between “horizontal merger”, “vertical merger”, and “conglomerate merger”.

(6 marks)

b. Discuss the various processes involved in a Merger and Acquisition (M&A) transaction.

(14 marks)

(Total: 20 marks)

QUESTION 4

a. Define the term Syndication.

(2 marks)

b. Discuss four (4) benefits of Syndication in Corporate Banking.

(8 marks)

c. Compare “Private Placements” (PPs) with “Initial Public Offerings” (IPOs).

(10 marks)

Total: 20 marks)

SECTION C - CASE/SCENARIO BASED QUESTIONS

ANSWER ONLY TWO QUESTIONS

QUESTION 1 - Corporate Bank and Government Partnership in Driving Development

Case Study/Scenario

The Government of Ghana has identified the need to develop a new Airport Project at Prampram in the Ningo-Prampram District of the Greater Accra Region. The airport is expected to increase trade and economic growth and make Ghana the gateway to Africa. The project requires an investment of USD 500 million, which the Government cannot finance alone. Therefore, the Government decided to partner with a private sector company, Sikaman Commercial Bank Plc (SCB), to develop the airport through a Public-Private Partnership (PPP) Arrangement.

The PPP structure for the airport is as follows:

- The Government will contribute 20% of the project cost in the form of land and other “in-kind” contributions.
- Sikaman Commercial Bank will contribute 80% of the project cost in the form of Debt and Equity Financing.
- The project will be developed and operated by a Special Purpose Vehicle (SPV) company, which will be owned 60% by Sikaman Commercial Bank and 40% by the Government of Ghana.

The financial projections for the project are as follows:

- Revenue: USD 150 million per year for 20 years
- Operating Cost: USD 50 million per year for 20 years
- Capital Costs: USD 500 million (one-time payment)
- Debt Service: USD 30 million per year for 10 years. (Sikaman Bank’s loan to the SPV)

Based on the financial projects, the following calculations have been made.

Net Present Value (NPV)	Internal Rate of Return (IRR)	Return on Investment (ROI)
USD 201 million	14.2%	18.5%

Required:

- What does a Public-Private Partnership Arrangement mean in Corporate Banking?
(2 marks)
- How much Capital will be contributed by:
 - Sikaman Commercial Bank Plc (1 mark)
 - The Government of Ghana (1 mark)
- Based on the financial projections and calculations, do you think the development of the Airport in Prampram is financially viable? (4 marks)
- Propose four (4) recommendations to the Partners in the PPP Arrangement to make the airport project successful? (4 marks)

- e. Examine four (4) ways in which these Partnership Arrangements between banks and government affect Ghana's economic development? **(8 marks)**

(Total: 20 marks)

QUESTION 2 - Customer Segmentation in Corporate Banking

Case Study/Scenario

Premier Bank Plc, a leading Corporate Bank in Ghana, is looking to refine its Customer Segmentation Strategy to better serve its diverse client base. The bank currently serves large companies, medium-sized enterprises, and small businesses, but its existing segmentation model does not fully capture differences in financial needs, risk profiles, or revenue potentials.

The Managing Director of the Bank, Mr. Obed Agbesi, wants to use Data Analytics and Relationship Management to optimize the bank's Segmentation Strategy. He is considering segmenting the customers based on factors such as:

- I. **Annual Revenue** (e.g., SME, Mid-Market, Large Corporates)
- II. **Industry Type** (e.g., Manufacturing, IT, Healthcare, Retail)
- III. **Financial Needs** (e.g., Working Capital, Trade Finance, Treasury Services)
- IV. **Risk Profile** (e.g., Credit Rating, Past Borrowing Behaviour)

Required:

- a. Examine four (4) benefits with relevant examples that Premier Bank will derive from segmenting its customers based on the factors the Managing Director listed. **(8 marks)**
- b. Advise Mr. Agbesi about the key advantages of segmenting customers based on financial needs rather than just company size. **(4 marks)**
- c. Examine briefly four (4) ways in which Premier Bank can apply Advance Analytics to improve its Customer Segmentation. **(4 marks)**
- d. Select four (4) Relationship Management Strategies Premier Bank could adopt for high-value corporate clients compared to smaller business clients. **(4 marks)**

(Total: 20 marks)

QUESTION 3 - Complaints Management in Corporate Banking

Case Study/Scenario

Continental Merchant Bank Plc, a leading Corporate and Investment Bank, has been receiving several complaints from its business clients regarding service delays, transaction failures, and poor customer support. The key issues include:

- I. Delayed processing of international wire transfers, causing financial losses for businesses.
- II. Inconsistent response times from Relationship Managers, leading to dissatisfaction among high-value clients.
- III. Errors in Loan Processing and Documentation, resulting in missed business opportunities for clients.
- IV. Lack of an efficient Dispute Resolution Process, causing frustration among corporate customers.

The bank's Executive Committee (ExCom) is concerned that these complaints could damage clients' relationships, brand reputation, and long-term profitability. They want to implement a structured Complaint Management System to identify root causes, improve service quality, and enhance customer satisfaction.

Required:

- a. What is the meaning of “Complaints Management” in Corporate Banking? **(2 marks)**
- b. Discuss briefly five (5) methods that the bank could use to identify the root causes of frequent complaints in Corporate Banking. **(5 marks)**
- c. Examine briefly five (5) ways that unresolved complaints can impact on the bank’s reputation and client retention. **(5 marks)**
- d. Explain four (4) service-level benchmarks which should be established for handling Corporate Banking complaints. **(4 marks)**
- e. Identify and apply four (4) Risk Management Strategies for the bank to mitigate service-related complaints. **(4 marks)**

(Total: 20 marks)