



CHARTERED INSTITUTE OF BANKERS, GHANA)

ASSOCIATESHIP EXAMINATION

LEVEL IV

MULTINATIONAL CORPORATE BANKING – FINANCE & INVESTMENT

APRIL 2023

N.B.

- 1. Read carefully the instructions on the cover of the answer book.**
- 2. Answer FOUR (4) questions only as follows:
SECTION A: TWO questions only.
SECTION B: TWO questions only.**
- 3. Each question in Section A carries 30 marks. Questions in Section B carry 20 marks each.**
- 4. Time allowed: THREE HOURS.**
- 5. Silent, non-programmable electronic calculators may be used in this examination. Whether or not candidates use them, it is in their own interest to show the basic figures from which their calculations are made.**
- 6. Candidates must ensure that they answer questions in the appropriate answer book and NOT on loose sheets which are supplementary sheets. Such answers will not be marked.**
- 7. DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
- 8. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

SECTION A

QUESTION 1

In the midst of the financial and economic crises in Ghana, the finance and banking sub-sector is having challenges with their earnings/income.

The Shareholders of Republic Bank PLC, SG Bank PLC, and Standard Chartered Bank PLC, all listed companies on the Ghanaian Bourse are upbeat in respect of their earnings on the corporate financial performance. These Multinational Corporations are likely not to meet the expectations of their shareholders, both local and foreign.

In your opinion,

- (a) What **specific rights** do the **Ordinary Shareholders** have? **(15 marks)**
 - (b) What businesses are likely to be dealt with at the Annual General Meeting of these companies? **(15 marks)**
- (Total: 30 marks)**

QUESTION 2

According to <http://Citinewsroom.com> 2023/01:

“Ghana’s total debt Stock has shot up to GHC575.7 billion at the end of November 2022, according to new data released by the Bank of Ghana.

The new debt figure brings Ghana’s debt to Gross Domestic Product (GDP) ratio to 93.5% from 75.9% in September 2021. The Bank of Ghana’s January 2023 economic and financial data summary revealed that the debt Stock increased by GHC108.3 billion between September and November 2021.

The external component of the country’s Public Debt shot up to GHC382.7 billion in November 2022, equivalent to 62.1% GDP.”

Required:

Under these crises that Ghana finds itself, in what ways can Multinational Corporations lower political risk? Discuss **(30 marks)**

QUESTION 3

Vodafone Ghana, formerly Ghana Telecom, was the national telecommunications company of Ghana. The company in Ghana operates under Vodacom Group - Africa's leading mobile telecommunications company.

MyJoyOnline.com, Wednesday, February 22, 2023, has reported that Vodafone, an MNC has just completed the sale of 70% Shareholdings to Telecel Group on the Ghanaian telecom industry market. According to Henry Cobblah, Lead, i Solve Africa, the sale is as a result of the challenges and difficulties that Vodafone Ghana is having on the Ghanaian market.

Required:

- (a) In your opinion, what do you think are these challenges and difficulties that Vodafone was having, in spite of the numerous opportunities and potentials existing in Ghana? **(15 marks)**
- (b) Assess the likely investment attraction in Ghana to the Telecel Group **(15 marks)**
- (Total: 30 marks)**

SECTION B

QUESTION 4

The current Domestic Debt Exchange Programme (DDEP) and the pronouncement of the Finance Minister has really exposed the vulnerability and the potential weaknesses in the savings and investment culture of the ordinary Ghanaian. Some notable personalities including the Former Chief Justice, Madam Sophia Akuffo have publicly expressed their opinions on the DDEP, which was very unpopular with Middle Class and some Parliamentarians.

You are required to explain:

- (a) The difference between Savings and Investment **(6 marks)**
- (b) The difference between Investment and Speculation **(6 marks)**
- (c) Features of a Government Bond **(8 marks)**
- (Total: 20 marks)**

QUESTION 5

The current macro-economic policies have really undermined the principles covering Government Securities and its associated risks. The relatively high Treasury Bills rates have attracted massive interests by prospective investors whilst the Bond Market is in turmoil. The Bank of Ghana is receiving massive over subscription week on week by investors in Treasury Bills, in most recent Weekly Auctions.

Required:

- (a) Assess the attitude to risk by investors. **(6 marks)**
- (b) What can the investors do to avoid or reduce risk? **(6 marks)**
- (c) Clearly distinguish between Mutual Funds and Shares. **(8 marks)**

(Total: 20 marks)

QUESTION 6

Discuss the view that the Collective Investment Scheme industry has collapsed due to the effects of the current economic and financial crises in Ghana, and the impact is very grievous on the individual investor on the securities market now. **(20 marks)**