



**CHARTERED INSTITUTE OF BANKERS, GHANA**  
**ASSOCIATESHIP EXAMINATION**  
**LEVEL IV**  
**CORPORATE BANKING – LAW AND PRACTICE**  
**APRIL 2024**

N.B.

1. Read carefully the instructions on the cover of the answer book.
2. **SECTION A** contains **THREE 30-mark** questions from which candidates should answer **TWO**.  
**SECTION B** contains **THREE 20-mark** questions from which candidates should answer **TWO**. Candidates will answer a total of **FOUR** questions.
3. The total number of questions in this paper is **SIX**.
4. No aids such as calculators, books, dictionaries, papers, or mathematical sets are permitted in this examination.
5. Time allowed: **THREE HOURS**
6. An additional **15 minutes of reading time** is allowed at the beginning of the examination when candidates may write on this paper but **NOT** in the answer book.
7. Candidates must ensure that they answer questions in the appropriate answer book and **NOT** on loose sheets which are used only as supplementary sheets. Such answers will be cancelled.
- 8. DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
- 9. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE INSTRUCTED TO DO SO.**

**SECTION A – ANSWER ANY TWO QUESTIONS FROM THIS SECTION**

**(TOTAL = 60 MARKS)**

**QUESTION 1**

- a. Rule 15 of BOG Notice No. BG/GOV/SEC/2021/07 introduced by the Bank of Ghana pursuant to Section 77 of the Borrowers and Lenders Act, 2020 (Act 1052) for the effective implementation of the Act, provides for the realization of collateral by a lender without a court order upon a borrower`s default.

Using the BOG Notice and Section 62(1) of Act 1052, outline the steps a lender must take to realize collateral without a Court Order. **(20 Marks)**

- b. Section 70(1) of the Borrowers and Lenders Act, 2020 (Act 1052) provides for the distribution of proceeds of the sale of collateral by a lender.

Outline how the sales proceeds are distributed when the collateral is realized. **(10 Marks)**

**[Total = 30 Marks]**

**QUESTION 2**

- a. Events of Default Clauses exist in Facility Letters and Term Loan Agreements.

List and explain *five (5)* occurrences that will constitute Events of Default on the part of the customer. **(10 Marks)**

- b. Section 21(1) of the Credit Reporting Act, 2007 (Act 726) provides the duties of a Licensed Credit Bureau. State *five (5)* of these duties. **(10 Marks)**

- c. State *five (5)* factors that may influence the choice of law in International Banking Contracts. **(10 Marks)**

**[Total = 30 Marks]**

### QUESTION 3

Explain the following terms as used in the context of Documentary Credits.

- i. Confirmed Credits (6 Marks)
- ii. Back-to-Back Credits (6 Marks)
- iii. Revolving Credits (6 Marks)
- iv. Red Clause Credits (6 Marks)
- v. Standby Letters of Credit (6 Marks)

[Total = 30 Marks]

### SECTION B - ANSWER ANY TWO QUESTIONS FROM THIS SECTION

(TOTAL = 40 MARKS)

### QUESTION 4

- a. What is the Constitutional and Statutory framework for Double Tax Treaties in Ghana? (10 Marks)
- b. Briefly explain the main terms of the International Swap Dealers Association (ISDA) Master Agreement. (10 Marks)

[Total = 20 Marks]

### QUESTION 5

- a. Differentiate between *Assessable Income* and *Chargeable Income*. (5 Marks)
- b. Within the context of third-party security, what is a *Letter of Comfort*? (5 Marks)
- c. What is the doctrine of '*Forum Non-Conveniens*' and what is its utility in conflicts that may arise in International Banking transactions? (10 Marks)

[Total = 20 Marks]

## QUESTION 6

- a. HAKUNA MATATA COMPANY LIMITED is a Private Limited Liability Company that operates an account with the Spintex Road Branch of your Bank. You are the Corporate Relationship Manager of the account, which is a very active one at the Branch. Today, Mr. Hakuna Matata visits your office and informs you that the Company is in court with Kofi Brokeman, whom he has sued for breach of contract. He tells you that the civil trial is far advanced and that he has a very realistic chance of getting a judgment in favour of the Company. He is, however, worried that before the conclusion of the trial, Kofi Brokeman may move out of Ghana to frustrate the execution of the judgment, funds held in QUE SERA SERA Bank, which the Company could fall on for the satisfaction of any judgment debt, if a verdict goes in favour of the Company. He is worried that without any assets of Kofi Brokeman to fall on, a judgment in favour of the Company may be futile. Explain in detail, the steps you will advise your corporate customer to take in order not to render his expected judgment nugatory. **(10 Marks)**
- b. Briefly state the contents of a typical Corporate Borrower Information Memorandum in Loan Syndication. **(10 Marks)**

**[Total = 20 Marks]**