

COPORATE GOVERNANCE

EXAMINER'S REPORT APRIL 2025

The general standard of answers in April 2025 was high. The overall pass rate was 90%. This figure is slightly higher than the results obtained in the previous exams.

The Table 1 below presents the summary of examinees' performance.

Total No. of candidates	Question No.	No. of Candidates who attempted each Question	% of candidates who attempted each Question	No. Passed	No. Failed	% Passed	% Failed
Seventy - Six (76)							
	One	41	100	10	31	24.3	75.7
	Two	38	93	35	3	92	8.0
	Three	7	17	4	3	57	43
	Four	37	90	33	4	89	11
	Five	24	59	18	6	75	25
	Six	19	46	17	2	89	11
*Total Answers marked		166					

Table 1: Summary Performance of Candidates.

The compulsory question in Section A, i.e. Question 1(a) were poorly answered. No candidate referred to any of the 10 fundamental laws of money laundering. Candidates rather mentioned the normal Anti-money laundering Act 2020, Act 1044. The fundamental laws serve as signalling tools for Boards to measure the potential threat, temperature and potential development in the environment that lead to money laundering. Candidates rather spent time on the stages and processes of money laundering.

The questions in Section B of the paper were adequately answered. Candidates were able to apply their understanding of corporate governance principles to the challenges facing directors in the questions.

In addition, relevant instructions were often not taken from the command words within the questions. The presentation of answers attested to the level at which candidates' board practising engagements were being expressed or tested.

Examiner's comments

Question 1 was attempted by all candidates and majority of the pass candidates were those who attempted and did answer the question (1b) well. Question 1(a) was poorly answered with a pass rate of less than 10%. The overall pass rate for the question was about 24%. For example, Law 1 states that the more successful a money laundering operation is in imitating the patterns and behaviour of legitimate transactions, the less likelihood of it being exposed. Pass candidates were able to secure the full marks in question 1(b) on measures to reduce money laundering risks. Candidates mentioned governance and role and place of Chief Compliance and AML Officers being appointed and empowered, training, systems, monitoring of sanctions programmes, Controls and Audit.

Question 2

This question was attempted by most candidates, and the pass rate was over 90%. Candidates stated and analysed the implications of ISO 37000 and examined critically the drivers of board accountability in relation to decision making and institutionalisation of stress testing, levels of risk appetite and concentration on building of buffers in good times.

Question 3

Examiner's comments

The pass level for Question 3 was 57% and was the least attempted question. This question tested candidates' appreciation of asset-liability management (ALM) from the perspective of directors and why gap analysis is central to corporate governance of banks. Candidates were expected to reflect on the case study which indicated a very simple bank with a positive duration in an increasing interest rate and inflationary situation. Only a candidate was able to establish the link between corporate governance and bank duration. Again, the same could provide suggestions that the assumed linearity should be pushed towards convexity through board control using the approved strategy to protect the wealth and capital of shareholders. Candidates who passed were able to suggest some practical steps toward convexity through improved deposit drive that are core, stable and long-term, matching loans to the maturity of funding etc.

Fail candidates produced the economic effects of inflation and rising interest rates and ignored the fact that they required insights into applied corporate governance in a banking setting.

Question 4

Examiner's comments

Question 4 was a popular question and had very high pass rate of about 90%. The question tested candidates about an integrated approach to governance and methods directors can deploy to achieve sustainable growth of banks supporting growth, supporting profitability, controlling downside risks.

Question 5

Examiner's comments

Question 5 was also attempted by many candidates and had a pass rate of 75%. Pass candidates showed understanding of drivers of conflict of directors and why

and how directors can manage this important governance challenges and the related regulations. Pass candidates were able to explain the challenges of duty of care and impact of distance of indirect interest which may be influenced by political, social and religious matters.

Question 6

Examiner's comments

Question 6 was attempted by many candidates. The pass rate was 89%. Pass candidates distinguished state ownership from private ownership and analysed the characteristic and expectations of these different owners.

Such expectations affect Board size, composition, tenure and strategy design and implementation where tenures are largely tied to political cycles.

Some pass candidates also earned more marks by being granular with reference to rural banking ownership etc.

Pass candidates also concentrated on private and public owned banks with open control and disclosure mechanisms which promote transparency, and sustainably satisfy best governance standards leading to higher investor confidence attracted more marks.