THE CHARTERED INSTITUTE OF BANKERS, GHANA

EXAMINER'S REPORT FOR THE TREASURY MANAGEMENT AND TRADE FINANCE-LEVEL III

OCTOBER 2025

Introduction

In the October 2025 examination, 81 candidates participated. Of this number, 10 candidates opted to write only Trade Finance, whilst 2 opted for Treasury Management. Sixty-nine (69) candidates wrote the combined paper.

The candidates' performance in the treasury management section of this sitting can be best described as encouraging. They appeared to have prepared adequately for the exam, likely due to the detailed guidance provided during the meet-the-examiner session. It may also be because they focused heavily on treasury management at the expense of the trade finance section.

Of the 69 candidates who took the combined exam, 39 passed the treasury management section, while 30 failed. This results in a pass rate of 57 percent, which is encouraging.

The two (2) candidates who wrote only treasury management both passed. The performance of one of them was extraordinarily outstanding, which raised eyebrows and was escalated to the chief examiner for onward escalation to the examination committee for investigation.

I marked a total of 71 scripts, and a summary of the overall performance of the candidates is shown in the tables below:

SUMMARY FOR COMBINED PAPER

Question	No. of candidates attempted	% of candidates attempted	Number passed	Number Failed	% Passed	% Failed

SECTION A MCQ	69	100%	53	16	77%	23%
SECTION B						
1	54	78%	32	22	59%	41%
2	15	22%	1	14	7%	93%
SECTION C						
1	52	75%	37	15	71%	29%
2	17	25%	12	5	71	29%

SUMMARY FOR TREASURY MANAGEMENT ONLY

Question	No. of candidates attempted	% of candidates attempted	Number passed	Number Failed	% passed	% failed
SECTION A MCQ	2	100%	2	0	100%	0%
SECTION B						
1	2	100%	2	0	100%	0%
2	1	50%	1	0	100%	0%
3	0	0%				
SECTION C						
1	2	100%	2	0	100%	0%
2	0	0%				
3	2	100%	2	0	100%	0%

1. Examination questions

Section A comprised 10 multiple-choice questions for the combined candidates and 20 questions for candidates writing only treasury management. The questions covered almost the entire syllabus, and candidates were expected to choose the correct answer from among four possible answers. Fifty-three (53) of the candidates writing the combined paper passed, and the two (2) candidates who wrote only treasury management, and therefore answered 20 MCQ, both passed.

Section B question 1A was a calculation question on the interest rate on a repurchase agreement, where both the original and the repurchase amounts, including the tenor, were given. Candidates were required to derive the annualized repo interest rate and to explain the importance of repo in short-term liquidity management. This question was a very direct question; however, it posed a challenge to a lot of candidates who had no clue at all as to how to derive the interest rate given those parameters.

I expected candidates to answer the question as follows:

Repo Rate = Repo interest/Sale proceeds
200,000/15,000,000
=1.3333% for 21 days
Annualized Rate = 1.3333% X 365/21
= 23.17%

Banks use repo markets to quickly raise cash by selling securities while committing to repurchase them at a later date.

Question 1B was also a calculation question aimed at testing the candidates' understanding of how capital adequacy ratio is computed by banks. The question indicated the type of asset, the amount of the asset, and the risk weights of the assets, including the bank's regulatory capital. Candidates were expected to use the risk weights to calculate the total risk-weighted assets. The regulatory capital of the bank, which is given in the question, will then be divided by the total risk-weighted assets to arrive at the CAR. A few candidates who attempted this question answered to satisfaction, and some even scored the full marks allotted.

The details are contained in the table below:

Asset	Amount	Risk weight
Cash and equivalents	25,000,000.00	0%
Government Securities	850,000,000.00	0%
Corporate Loans	1,200,000,000.00	100%
Residential Mortgages	1,080,000,000.00	50%
Commercial Real Estates	1,550,000,000.00	100%

The regulatory capital of the bank was given as 440,000,000.00

The total risk-weighted capital is calculated as follows:

Risk weighted assets = 25,000,000 X 0% + 850,000,000 X 0% + 1,200,000,000 X 100% + 1,080,000,000 X 50% + 1,550,000,000 X 100% = 3,290,000,000.

Regulatory capital = 440,000,000

CAR = 440,000,000/3,290,000,000

= 13.37%

This is within the minimum regulatory threshold of 13%.

The C part was where a lot of the candidates faced challenges. They were required to calculate the annualized discount rate of a T-Bill given the face and the cost price. The expected answer is as follows:

Discount amount = 100,000 – 93,250 = 6,750

Discount rate = (Discount amount/face value) X 364/91

= 6,750/100,000 X 364/91

= 27%

Out of the total of 54 candidates who attempted the question, 32 of them, representing 59%, passed.

Question 2 was on certificates of deposit, which was a little tricky. The A part required candidates to calculate the maturity value of a CD purchased in the primary market and held to maturity, given bid and offer rates for the various tenors in the market and the face value. The candidates found it challenging to identify the correct rate to use. They were confused between the bid and the offer rates. I expected the following answers from candidates:

Tenor	**Bid (%)**	**Offer (%)**
6 months	14.75	14.25
9 months	16.00	15.75

Bank A will sell the CD at its 9-month offer rate of 15.75%.

Maturity proceeds = 3,000,000 X (1+ 0.1575 X 273/365)

= 3,353,404.11

The B part of the question required candidates to calculate the secondary proceeds from the sale of the CD if the investor required cash and decided to sell the instrument before the maturity date. The rates in the secondary markets for the various tenors were provided. I expected the answer to be as follows

Tenor	**Bid (%)**	**Offer (%)**
5 months	14.15	13.75
6 months	14.50	14.00
9 months	15.75	15.25

The CD is left with 5 months (151 days) left to maturity. Bank B will buy it at the bid of 14.15%.

Secondary market proceeds = 3,353,404.11/(1+0.1415 X 151/365)

3,167,957.11

The C part was for candidates to discuss how a bank can use a call option to hedge against adverse movements in foreign exchange rates. The majority of the candidates seemed clueless. I expected them to answer along the following lines:

A call option on foreign exchange gives the holder the right, but not the obligation, to buy a specified currency at a predetermined exchange rate (the strike price) on or before a specified maturity date. The buyer pays a premium to the seller (writer) of the option.

The treasury can buy a USD call option at a strike rate agreed upon today. This ensures that if the USD appreciates/GHS depreciates, the bank can exercise the option and buy the USD at the strike price. On the other hand, if the USD depreciates/GHS appreciates, the bank can let the option expire and buy USD at a lower market rate.

Section C involved case studies in which candidates were to study short cases and answer the questions arising from them.

Case Study 1 involved Tactical National Bank, a hypothetical bank that directed the treasury department to conduct a thorough risk assessment and provide recommendations on how to strengthen the bank's risk management framework to safeguard financial stability and ensure compliance with regulatory requirements. Candidates were required to prepare a report for senior management to discuss five (5) common risks faced and managed by the treasury function of a bank. They were allowed to discuss other risks that were outside this case study. I expected candidates to answer along these lines:

Liquidity Risk: Arises when the bank is unable to meet its short-term obligations due to insufficient liquid assets or difficulties in accessing funding markets. The recent unexpected withdrawals by corporate clients have heightened liquidity pressures, emphasizing the need for strong liquidity buffers and diversified funding sources.

Interest Rate Risk: Results from mismatches in the repricing of assets and liabilities, which can affect net interest income (NII) and the economic value of equity. Interest rate hikes have reduced the value of the bank's investment portfolio, creating mark-to-market losses.

Foreign Exchange (FX) Risk: Exposure to fluctuations in currency exchange rates, which affect the value of foreign currency assets, liabilities, and off-balance sheet positions.

Volatility in the FX market has caused swings in the value of the bank's currency exposures.

Market (Price) Risk: Losses may occur due to adverse movements in market prices such as interest rates, equity prices, or bond yields, affecting the trading and investment book.

The bank has suffered valuation losses on its investment securities portfolio due to rising yields.

Regulatory and Compliance Risk: Stems from failure to comply with prudential requirements such as Basel III/IV, local central bank guidelines, and international standards.

Regulators have highlighted the need for adequate capital and liquidity buffers.

Of the 52 candidates who attempted this question, 37 of them, representing 71%, passed, which was encouraging.

Case Study 2 was on Capital Trust Bank. At this hypothetical bank, the Head of Treasury was requested to design a forward-looking framework for the bank's treasury to remain competitive in the rapidly evolving financial ecosystem. Candidates were required to identify five emerging trends in treasury management and how each trend can enhance operational efficiency and resilience within the treasury function.

The emerging trends I expected them to discuss include the following:

Automation and artificial intelligence

Real-time data and analytics

Cloud-based solutions

Blockchain and Distributed Ledger Technology

Payment and Cash Management Innovation

Cybersecurity and fraud prevention

ESG

Treasury-as-a-Service; etc.

Only 17 candidates attempted this question, of which 12 passed, representing a pass rate of 71%, which was encouraging.

Concluding remarks.

The performance of the candidates in the Treasury Management portion of this paper was commendable, and if the same was repeated in the Trade Finance portion, the overall performance would be encouraging. The majority of candidates, as usual, continued to bet on

certain questions being asked in the exam. When these questions fail to ‘land’, they then resort to conjecture. It is still the case that some candidates would score almost all the marks in a particular question and score single-digit marks in other questions. This can be established from the score sheet. Their performance, therefore, lacks consistency across the various topic areas of the exam.

I would like to repeat my usual advice to the candidates to be general practitioners of the course content first before becoming specialists in a few topic areas. This is the surest bet for at least above-average performance in the exam. If candidates had painstakingly gone through the whole course content, they would have been able to at least score decent marks across the entire paper, and the results would have been better. Unfortunately, because some of them failed to read widely, they were unable to, and this contributed to their failure. I have repeatedly told the candidates at my sessions with them that once they commit to writing the exam, they have no choice but to make time and study. That is the only way to pass the exam. Unfortunately, a lot of them don’t have the time to study and yet want to pass.

I would like to recommend that lecturers for this course should engage the students more by giving them assignments based on past examination questions and strictly ensuring that the students return the assignments for marking and feedback. With this approach, students’ shortcomings can be remedied in time. They will also be able to identify the students who need special attention because they lack the basics for this course, and arrange for special lectures for them. I also recommend at least one mock examination for the students based on past questions under examination conditions. This approach will get them adequately prepared for future exams, which I strongly believe will lead to better student performance in this course.

I hope that if lecturers and students follow this advice and recommendations, the performance in the next sitting will be better.

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EXAMINER