

DO NOT REMOVE THE QUESTION PAPER FROM THE EXAMINATION HALL

UNIVERSITY OF LONDON

CENTRE FOR FINANCIAL AND MANAGEMENT STUDIES

MSc Examination

Postgraduate Diploma Examination

for External Students

91DFMC386

FMM386

FINANCE (BANKING)

Corporate and Investment Banking

Specimen Examination

*This is a specimen examination paper designed to show you the type of examination you will have at the end of **Corporate and Investment Banking**. The number of questions required and the structure of the examination will be the same, but the wording and requirements of each question will be different.*

The examination must be completed in **THREE** hours. Answer **THREE** questions, at least **ONE** question from **EACH** section.

The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions. The examiners wish to see evidence of your ability to understand theoretical principles and your ability to critically discuss their application.

PLEASE TURN OVER

SECTION A

Answer at least **ONE** question from this section.

1. Distinguish between the fixed capital and the working capital of a non-financial company, and explain the role of corporate and investment banking in the management of fixed capital and working capital for clients.
2. Discuss the advantages and the disadvantages of the use of leverage in a non-financial firm, explain how increasing leverage can increase the cost of capital for a company, and describe strategies that a corporate bank or an investment bank can propose in relation to the leverage of a non-financial company.
3. Assess how each of the following financial products can be used to satisfy the financial needs related to the working capital of a company:
 - a) Invoice discounting
 - b) Commercial paper
 - c) Overdraft
4. In relation to the organisational structure of Barclays and Goldman Sachs, evaluate the similarities and the differences between the two banks.

SECTION B

Answer at least **ONE** question from this section.

5. Discuss the methods used by banks to estimate their
 - a) interest rate risk, *and*
 - b) economic capital

6. Assess the roles of investment banks in project finance.

7. Discuss the advantages and the disadvantages of going public via an initial public offering.

8. Describe the functioning of a private equity investment process, and explain in detail the steps involved.

[END OF EXAMINATION]