



CERTIFIED INVESTMENT BANKING ASSOCIATE (CIBA)
STUDY GUIDE

Sponsored by:



Accredited Certification Institute (ACI)

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This study guide has been created for individuals who are studying for the Certified Investment Banking Associate (CIBA) Certification Program. Please use this guide to assist in preparation for your examination.

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I. Accredited Certification Institute:

Accredited Certification Institute is the leading online program for specialized niche business certification programs. The team behind Accredited Certification Institute is comprised of industry experts in niches including online marketing, project management, public relations, consulting, and many more.

This experience, combined with our advisory board's expertise in online education and training, is what makes it possible to provide the training and certification programs found on our website.

Accredited Certification Institute is a global training and certification organization that has provided practical industry-specific certification to over 20,000 clients from the United States, Europe, and more than 75 other countries around the world.

We provide high value training programs that provide function knowledge on very specific business topics such as public relations, online marketing, project management, international business, and consulting.

Accredited Certification Institute's Mission: To provide professionals with high impact finance training and certifications in niche subject areas that are functional and immediately beneficial.

Accredited Certification Institute helps you to:

- Quickly gain specialized knowledge in highly valuable business niches.
- Enhance your credibility, resume, and overall value in the market place.
- Complete our training programs in 5 months from anywhere in the world.

Our programs accept participants year-round and are flexible to work with your current work schedule and academic constraints. You can complete one of our programs in 2 months or 2 years; the choice is yours.

MASTER'S CERTIFICATE PROGRAMS: Accredited Certification Institute is proud to offer several advanced Master's Certificates that require the completion of five programs from Accredited Certification Institute platform.

To learn more about these Master's Certificates and how to earn one, please see our website at: <http://Certification.com/Masters-Certificate>

II. CIBA DETAILS AND TIMELINE:

PROGRAM DETAILS:

The **Certified Investment Banking Associate (CIBA)** certification program is unique in that it is modeled after many online courses offered at Ivy League institutions today, offering more value for a more cost-effective program. The CIBA Program is a self-study program that includes educational multimedia resources in video form, a study guide, required readings, and a flexible online examination process, accessible around the world.

The online exam is structured so that in order to complete the exam within the 2-hour time frame one must read through all of the assigned materials and conceptually understand the majority of the material to score well enough to pass the exam.

Our goal is to offer the most challenging program in the industry while also providing all of the learning tools possible to ensure participants get the most out of the experience. By testing the knowledge depth

and comprehension from the materials digested, the CIBA certification prepares individuals for successful, real-world application.

The Certified Investment Banking Associate (CIBA) program is sponsored by the GTC Institute and offered by Accredited Certification Institute. This certification program is designed to show and certify that you have gained an in-depth understanding and high-level, specialized knowledge.

In addition to the benefits of gained knowledge, growing industry recognition, more knowledgeable career choices, and networking, our organization is also developing additional resources for CIBA Participants. This includes video and MP3 recordings on Q&A or strategies and tactics, webinars, access to interviews with internet marketing professionals who have more than 10 years of experience in the industry, among many more benefits.

The experts interviewed for this investment banking certification include:

Dr. Edward D. Weinberger: Edward is a PhD and CEO of Post-Quantitative, Inc. and Professor from Polytechnic Institute of New York University. Dr. Weinberger is an expert on the application of math and finance best practices to the improvement of bank business models and operations.

John Louden: John runs Silverstone Capital Partners which is a boutique private equity firm that is sometimes considered an investment banking firm. In this interview he talks about how he has succeeded in his investment career and what his firm is doing right now.

Richard Wilson: Richard is the author of 10 books, a global hedge fund speaker and trainer, and head of the 80,000-member Hedge Fund Group and 90,000-member Private Equity Investment Group. Richard has built his finance career from nothing, starting out in Portland, Oregon and going to Oregon State University for his undergraduate degree in business. Within this video Richard shares exactly how just about anyone can have a successful career in finance by focusing on the few key factors that Richard explains in this audio interview.

Chuck Bush: Chuck is the CEO of Great Road Capital, Inc. Great Road Capital is a finance advisory firm providing clients advice and counsel on investing in film, television, and digital media projects and companies. He works with those companies to help them evaluate assets and conduct financial modeling for those clients to help investors evaluate potential investments.

Certified Investment Banking Associate (CIBA) Video Modules:

1. The Business of Investment Banking
2. Financial Statements
3. Valuation Overview
4. Comparable Companies Analysis
5. Mergers & Acquisitions
6. Precedent Transactions Analysis
7. Basic Financial Modeling Part 1 of 3
8. Basic Financial Modeling Part 2 of 3
9. Basic Financial Modeling Part 3 of 3
10. Leveraged Buyouts Overview
11. Discounted Cash Flow Analysis 1 of 2
12. Discounted Cash Flow Analysis 2 of 2

13. Advanced Modeling Techniques
14. Debt Restructuring
15. Private Equity Offerings
16. Leveraged Recapitalizations
17. Accretion - Dilution Analysis
18. Leveraged Buyout Modeling Part 1
19. Leveraged Buyout Modeling Part 2
20. Leveraged Buyout Modeling Part 3
21. Financial Statements
22. The SEC Filings - The S1 Stock Offering
23. The SEC Filings - The 14A Proxy Statements
24. The SEC Filings - The 10Q Quarterly Report
25. The SEC Filings - The 10K Report (NEDED)
26. The SEC Filings - The 8K Current Report
27. The Investment Banking Resume
28. The Investment Banking Cover Letter
29. Investment Banking Interview Topics
30. Investment Banking Interview Process
31. Investment Banking Internships
32. Investment Banking Associate Programs
33. Investment Banking Analyst Programs
34. Investment Banking: After the Job Offer
35. Financial Modeling Best Practices Part 1
36. Financial Modeling Best Practices Part 2
37. RAMP Formula for Business Career Success
38. How to Get a Summer Business Internship
39. Developing Your Strategic Career Plan
40. Business Career Salary Boosters
41. How to Nail a Business Interview
42. How to Create Your Business Resume
43. Leveraging Conferences & Seminars in Your Business Career
44. Work More Efficiently: Time Saving Business Tools
45. How to Double Your Chances of Business Success
46. How to Become a Doctor Within Your Business Field
47. Knowledge Asset Management: A Competitive Advantage for Your Business
48. Single Focus: The Key to Maximum Productivity
49. Fertilize Your Brain

50. Learning Before Outsourcing
51. 5 Techniques to Efficiently Capture Your Business Ideas
52. Paying the Price for Success
53. The Power of Positive Business Habits
54. The Importance of Business Ethics to Your Success
55. The Power of Inevitability Thinking in Business

4 STEP CERTIFICATION PROCESS



TIMELINE & EXAMINATION DATES:

Programs are offered through open enrollment, making our programs 100% flexible to accommodate your current work or academic schedule. After joining, you can select an examination date that works best for you.

Accredited Certification Institute exams are administered 100% online.

LEARNING OBJECTIVES OF THE CIBA:

- Put your studies in perspective through exposure to the business of investment banking.
- Recognize that “valuation” lies at the core of an investment banker’s skill set.
- Prepare to learn about valuation by gaining exposure to financial statements and accounting. Discover how figures flow between income statement, balance sheet and cash flow statement, and gain exposure to more complex topics such as depreciation, goodwill and deferred taxes.
- Learn valuation based on comparable companies’ analysis. You’ll learn how to choose comparable, find relevant financial data, analyze statistics and calculate valuation.
- Learn valuation based on precedent transactions analysis. You’ll learn how to choose transactions, find relevant historical data, analyze multiples and calculate valuation.
- Learn valuation based on discounted cash flow analysis. You’ll learn how to forecast cash flows, determine a cost of capital, compute the terminal value, discount back to the present and calculate valuation.
- Take a hands-on approach to studying financial modeling techniques including more advanced topics such as sensitivities, complex capital structures, scenario toggles and cash flow revolvers.
- Find out how the LBO process works and how LBO models can be used for valuation.

- Become familiar with the M&A process including an examination of the accretion / dilution concept.
- Become familiar with equity and debt offerings.

III. REQUIRED READING:

- Joshua Rosenbaum & Joshua Pearl. Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions 2nd Edition. ISBN-13: 978-1118656211

IV. CIBA EXAMPREPARATION

1. EXAM COMPOSITION:

There are a total of 100 points available to earn for the exam, 80 of which can be earned from the multiple choice or true/false questions that are worth 1 point each. Please see below for the composition and distribution of the points in-depth.

<u>Topics and Weights</u>	
Financial Statement Accounting [6%]	3 Multiple Choice Questions
Comparable Companies Analysis [10%]	5 Multiple Choice Questions
Precedent Transactions Analysis [10%]	5 Multiple Choice Questions
Discounted Cash Flow Analysis [16%]	8 Multiple Choice Questions
Financial Modeling [16%]	8 Multiple Choice Questions
Leveraged Buyouts [10%]	5 Multiple Choice Questions
Mergers & Acquisitions [6%]	3 Multiple Choice Questions
Equity & Debt Offerings [6%]	3 Multiple Choice Questions

You will have 2 hours to complete the exam. Those who have not made the effort to read the materials will have a hard time completing the exam within the allotted time, but for participants who have read the required reading, 2 hours will be sufficient. Your test results will be sent to you 2 weeks after your examination date.

V.

1. **TERMS AND CONCEPTS TO KNOW:**

Below, please find the terms and concepts that you should be able to define after having read the required reading. Please define the terms from the required reading rather than a dictionary. You will be tested on the definitions that authors have provided.

- Comparable companies' analysis
- EBITDA
- 10-K
- Proxy statement
- Fully diluted shares outstanding
- Enterprise value
- Transaction comps
- Synergies
- Floating exchange ratio
- LTM financials
- 8-K
- Discounted cash flow analysis
- Terminal value
- WACC
- Free cash flow
- Depreciation
- Net working capital
- Days sales outstanding
- Inventory turns
- Beta
- Present value
- Sensitivity analysis
- Leveraged buyout
- Financial sponsor
- IRR
- Revolver
- Amortizing term loan
- Financial model
- Sources and uses

- Cash flow statement
- Goodwill
- Debt schedule
- Broad auction
- Accretion / dilution analysis
- Data room
- Fairness opinion

2. SAMPLE QUESTIONS: (Answers are provided on the last page of this study guide.)

1. *What is the amount of the goodwill created if a company is acquired for \$500 million and that company had \$100 million of pre-existing debt (retired in the deal from the \$500 million purchase price), \$50 million of pre-existing goodwill on its books and had \$300 million of pre-existing shareholders' equity?*
 - a. \$50 million
 - b. \$100 million
 - c. \$150 million
 - d. No goodwill is created.

2. *Which of the following is the name given to quarterly reports that public companies file with the SEC?*
 - a. 8-Q
 - b. 10-K
 - c. 10-Q
 - d. DEF14A

3. *Which of the following is a correct measure of "enterprise value"?*
 - a. Current assets + long term assets – total liabilities
 - b. Total equity – total debt
 - c. Fixed assets + shareholders' equity
 - d. (Share price x Shares outstanding) + debt - cash

4. *Which of the following is a method for projecting a terminal value for a DCF analysis?*
 - a. Accelerated depreciation
 - b. Perpetuity growth method
 - c. Capital asset pricing method
 - d. Weighted average cost of capital method

5. *All else being equal, which of the following would increase a sponsor's IRR in an LBO?*
 - a. Moving the exit event closer to the initial investment date
 - b. Increasing the purchase price paid
 - c. Increasing annual capital expenditures
 - d. Reducing the exit multiple

6. *Please complete the following statement: When creating a financial model, each period-over-period change to a balance sheet account must be accounted for by a parallel change to a line on the ...*
 - a. Cash flow statement
 - b. Debt schedule
 - c. Sources and uses
 - d. Income statement

7. *As compared to a strategic acquirer, a financial sponsor typically doesn't consider which of the following when evaluating the purchase price in an acquisition?*
 - a. Comparable companies analysis
 - b. Precedent transactions analysis
 - c. Discounted cash flow analysis
 - d. Accretion / dilution analysis

VIII. FAQ (FREQUENTLY ASKED QUESTIONS):

Have more questions or need more information?

Please see our consistently updated FAQ (Frequently Asked Questions) section on Accredited Certification Institute website: <http://Certification.com/FAQ>

You can also get in touch with Accredited Certification Institute team via email at Team@Certification.com by phone, and through our Click and Chat tool, accessible from our homepage: <http://Certification.com>.

Thanks for joining Accredited Certification Institute. Please let us know if you have any questions.



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VIII. SAMPLE QUESTION ANSWERS:

1. B. \$100 million of goodwill is created. See calculations on page 210 and 212. Goodwill is the amount by which the equity purchase price exceeds book value. In this case, the equity purchase price of \$400 million (\$500 million less the \$100 million of debt retired) exceeds the book value (\$300 million) by \$100 million. The existing \$50 million of goodwill is irrelevant to the creation of new goodwill, though it will remain on the books as part of total goodwill.
2. C. The report is called a 10-Q. See pages 22-23. The 10-K is the corresponding annual report. The 8-K (not an 8-Q) is a report about material news. The proxy statement is also called the DEF14A.
3. D. Enterprise value is the sum of equity value and net debt (debt less cash). See pages 88-89.
4. B. The perpetuity growth method is one of the two primary methods for computing a DCF analysis' terminal value. See pages 131-133. The other choices are not applicable to forecasting terminal values in a DCF analysis.
5. A. Moving the exit event closer to the initial investment date will increase an IRR. See pages 171-172. All of the other options would actually reduce the IRR. As an example, a \$10 million investment that yields a \$30 million exit in 3 years implies an IRR of 44%. If the exit is moved up to just 2 years (rather than 3 years), the IRR rises to 73%.
6. A. Period over period changes on the balance sheet must be reflected on the cash flow statement. See page 204. As an example, an increase in "Accounts Receivable" from year 1 to year 2 on the balance sheet must appear as a use of cash in the "Changes in Working Capital" section of the cash flow statement.

D. Accretion / dilution analysis typically only pertains to strategic acquirers as they have EPS and stock prices to consider when making acquisitions. See pages 267-269. The other three methods are typically used by both strategic and financial.