Part1

1.Multiple Choice （ Part1 单选 DDDAD ADABD 阅读 CDDA CDBBD）

(1) The People's Bank of China has been divided into _____district banks since 1999.
A. 6 B. 7 C. 8 D. 9
(2) The PBC has operated as the central bank since_____.
A. 1987 B. 1986 C. 1985 D. 1984
(3)China formally lifted all remaining current account restrictions in _____.
A. 1993 B. 1994 C. 1995 D. 1996
(4) _____remains the principle foreign exchange bank.
A. The Bank of China B. The Commercial and Industrial Bank
C. The Construction Bank D. The Agricultural Bank
(5) The indirect instruments such as _____have emerged as major monetary policy tools that the PBC relies on.
A. required reserve ratio B. interest rate adjustment
C. open market operations D. all of the above
(6) With China's entry into WTO, China has decided to implement a phased reform of_____.
A. the wholly state-owned commercial banks
B. the policy banks
C. joint-equity commercial banks
D. the non-bank financial sector
(7) Banks play a unique role in the economy through _____.
A. mobilizing savings
B. transmitting monetary policy
C. providing a payment system
D. all of above
(8) The evolution of the Chinese banking system can be broadly divided into _____phases.
A. 3 B.4 C. 2 D. 5
(9) Although capital market development is expected to speed up, banks in China currently provide about_____percent of aggregate financing in the economy.
A. 65 B. 75 C. 50 D. 80
(10) Apart from traditional deposit taking and lending business, commercial banks now offer a broad range of intermediary services such as_____.
A. international settlement B. bank cards
C. private banking D. all of the above

2.True or False

(1) Since the enactment of the Law of the People's Bank of China in March 1995, the PBC has no longer played the role of financing fiscal deficits in national budgetary.
(2) The People's Bank of China was made as a central bank in 1948.
(3) The indirect policy instruments include required reserve ratio, interest rate adjustment, and credit ceiling.
(4) Before 1979 the foreign exchange control was strictly enforced.
(5) The wholly state-owned commercial banks in China today used to be known as state-owned specialized banks.
(6) One of the important goals of liberalizing the banking sector is to give foreign banks national

treatment.
(7) The increase of the presence of foreign banks in China is likely to introduce new products and expertise.
(8) Now China still remains some current account restrictions.
(9) In recent years, there has been a great improvement in the conduct of monetary policy with great reliance on direct policy instruments.
(10) Now China is an Article Ⅷ member of the International Monetary Fund.

3.Cloze

Directions: Read the following paragraphs and then put the suitable words or phrases into the blanks.

The banking sector has played an important role in _____the implementation of the stabilization and structural measures as well as sustaining strong economic growth. The macroeconomic stability and _____improvement in turn have enabled the banking sector to _____vigorously. Although capital market development is expected to speed up, banks in China, which currently provide about 75 percent of aggregate financing in the economy, are likely to continue playing a _____role in financing economic and technological development as well as the economic_____ in the foreseeable future.
1.facilitating 2.reform 3.structural 4.develop 5.dominant

In recent years, there has been a significant improvement in the _____of monetary policy with greater reliance on _____policy instruments. The central bank used to rely on credit ceilings for commercial banks as a major tool for monetary policy. This direct instrument has been abolished while such indirect instruments as required reserve ratio, interest rate adjustment and open market operations have _____as major monetary policy tools. The required reserve account and excess reserve account of the commercial banks with the central bank have been _____and the consolidated required reserve ratio has been reduced from 13 percent to 8 percent. Since 1996, the central bank has_____ interest rates on many occasions to reflect the weakening domestic and global demand. These policy measures have helped sustain strong economic growth
1.emerged 2.conduct 3.lowered 4.indirect 5.merged

The reform efforts have resulted in greater openness of the banking sector, integrated financial markets, increased diversification of banking institutions, strengthened competition and improved efficiency of _____allocation. Despite these achievements, the banking sector in China is faced with _____challenges, including the high level of _____loans and the need to prepare for greater competition from foreign banks, as China becomes a member of the World Trade Organization. These challenges call for _____efforts on the part of the authorities in institutional building to facilitate greater enforceability of bank claims, faster market infrastructure development and better ownership structure. These efforts have to be accompanied by parallel actions of the banks to improve corporate governance, particularly _____structure and internal controls.
1.incentive 2.non_performing 3.resource
4.formidable 5.intensifying

4. Translation

(1) Although banks share many common features with other profit-seeking businesses, they play a unique role in the economy through mobilizing savings, allocating capital funds to finance productive investment,

transmitting monetary policy, providing a payment system and transforming risks.尽管银行与其他以盈利为目的的企业具有许多共同的特征，但它在国民经济中还发挥着特殊的作用。银行可以动员储蓄，为生产性企业投资调配资金，传递货币政策，提供支付体系，转化风险。

(2) The past few years have seen marked acceleration of China's banking reform, particularly significant strengthening of the central bank's capacity for supervision and macroeconomic management, substantial improvement in the management of the commercial banks, and greater openness of the banking industry.在过去的几年中，中国银行业的改革速度显著加快，特别是强化了中央银行的监管职能和宏观调控能力，商业银行经营管理大有改善，银行业对外开放进一步扩大。

(3) The government introduced a comprehensive package of measures aimed at restoring financial order as well as addressing the inflationary pressure and signs of overheating, particularly in the real estate sector and the stock markets.政府采取了一系列措施以整顿金融秩序，应对通货膨胀的压力及经济过热现象，尤其是房地产和股票市场的过热现象。

(4) The implementation of the stabilization and structural measures has been a major factor underlying the resilience of the Chinese economy in the context of the crisis in Asian financial markets and the recent weakening of global economic activity.宏观经济稳定政策和结构调整措施，是我国经济在亚洲金融危机阴影笼罩和近年来全球经济疲弱的环境下，依然保持较快发展的一个重要因素。

(5) The PBC did not have a clear legal status until the enactment of the Law of the People's Bank of China in March 1995.

直到1995年3月《中国人民银行法》的颁布，中国人民银行才取得了明确的法律地位

(6) This law has strengthened the PBC's independence by prohibiting its financing of fiscal deficits and interference in the performance of its functions by any government agency, non-government organization or individual.该法强化了央行的独立性，禁止其对财政赤字进行融资，其行使职能时不受任何政府机构、非政府组织以及任何个人的干预。

(7) The reform of the financial system and particularly the diversification of banking institutions have increased competition in the banking sector and improved financial services in China.金融体系的改革，特别是银行结构的多元化，加强了我国银行内部间的竞争，从而改善了中国金融业的服务质量。

(8) With total assets amounting to USD34.4 billion, the foreign banking institutions account for 20 percent of the foreign currency loan market in China.

外资金融机构总资产达到344亿美元，占在华外币贷款市场的20%

(9) China will continue to pursue a sound monetary policy, and seek refinements in the conduct of monetary policy by relying mainly on indirect policy instruments.

中国将继续推行稳健的货币政策，并主要依靠间接政策工具，以求最佳的效果

(10) Against the backdrop of increasing globalization, China has worked out a preliminary timetable for further opening up the banking sector.

.在经济日益全球化的背景下，中国已经拟订出了银行业进一步开放的日程表

5. Reading Comprehension

Passage One

The aim of monetary policies is to maintain the stability of stability of the value of currency and thereby promote economic growth. The People's Bank of China shall formulate and implement monetary policies and exercise supervision and control over the financial industry under the leadership of the State Council. The People's Bank of China shall report to the State Council for approval before implementation. Its decisions, concerning the annual supply of bank notes, interest rates, foreign exchange rates and other major issues, are specified by the State Council. The People's Bank of China shall submit work reports to the Standing Committee of the National People's Congress on matters concerning monetary policies and its work of supervision and control

over the financial industry.
The PBC shall, under the leadership of the State Council, independently implement monetary policies, exercise its functions and carry on its operation according to law and be free from intervention by local governments, or other administrative organs at all levels, public organizations of individuals.
In recent years, there has been a significant improvement in the conduct of monetary policy with greater reliance on indirect policy instruments. The central bank used to rely on credit ceilings for commercial banks as a major tool for monetary policy. This direct instrument has been abolished while such indirect instruments as required reserve ratio, interest rate adjustment and open market operations have emerged as major monetary policy tools. The required reserve account and excess reserve account of the commercial banks with the central bank have been merged and the consolidated required reserve ratio has been reduced to 13 percent to 8 percent. Since 1996, the central bank has lowered interest rates on many occasions to reflect the weakening domestic and global demand. These policy measures have helped sustain strong economic growth.

(1) The definite goal of monetary policies is_____.

A. to maintain the stability of public organizations of individuals

B. to carry out financial business

C. to promote the development of economy

D. to control over the financial industry

(2) What does the PBC do before putting monetary policies into practice?
A.It shall make decisions concerning the annual supply of bank notes.
B.It shall exercise supervision and control over the financial industry.
C.It shall submit its work reports to the Standing Committee of the NationalPeople'sCongress.
D.It shall report its decisions to the State Council for approval.
(3) In recent years, PBC relies on _____as (a) major tool(s) for monetary policy.
A.direct policy instrumentsB.credit ceilings for commercial banks
C.discountingD.indirect policy instruments
(4) Which of the following statements is not mentioned in the passage?

A.The required reserve ratio is the most commonly used monetary policy tool by the PBC.

B.Some functions of the PBC.

C.The details concerning monetary policies.

D.The PBC has consolidated the required reserve account and excess reserve account of the commercial banks.

Passage Two

China will continue to pursue a sound monetary policy, and seek refinements in the conduct of monetary policy by relying mainly on indirect policy instruments.
First, open market operations will be expanded, and the quality of the relevant decision-making will be improved to optimize the timing and scale of open market transactions. Transaction frequency

will be increased and fine-tuning measures will be taken as the occasion warrants. Flexibility will be exercised in selecting modes of transaction so as to give further play to the open market in guiding short-term interest rates. Market infrastructure will be strengthened through improvements in the settlement and clearing system.
Second, rediscount business will be further developed. While expanding the range of bills e1igible for discount, the ceiling on discount interest rate will be gradually lifted in support of the market-based interest rate reform. The purpose is to enhance the role of rediscount in guiding market interest rate and commercial bank's behavior.
Third, the required reserve system will be further improved. The basis for calculating the required reserves will be improved by introducing the concept of average balance in the accounting period. Verification of the required reserve will also be improved accordingly.
Fourth, efforts will be made to gradually increase market influence over the degree to which interest rates vary around the central bank rates, with money market interest rates as the key intermediate rate determined by market supply and demand. In sequencing of interest rate liberalization, foreign currency interest rate policies will be reformed before those governing local currency rates, rural rates before those for urban financial institutions, and bank lending rates ahead of deposit rates. Thus the main elements of the reform will involve relaxing restrictions on the yield at issue of domestic enterprise bonds, leaving these to be determined by the market; lifting control over the deposit and loan interest rates of rural credit co-operatives and allowing these entities to set their interest rates according to market conditions and the risk level of lending; and gradually expanding the allowable spread of lending rates for financial institutions in urban areas, and continuing to exercise control over retail deposit interest rates and a flexible management of large-amount deposit interest rates.

（1）What's the main idea of this passage?

- A.China will have a further banking reform.
- B.China will seek refinements in the conduct of monetary policy by relying mainly on interest rate liberalization.
- C.China will improve the implementation of monetary policy by relying mainly on indirect policy instruments.
- D.The operation of four indirect policy instruments.

(2) The reformation of open market operation will involve_____.

- A.the frequency of transactions
- B.the timing and scale of transactions
- C.the flexibility in selecting modes of transaction
- D.all of above

(3) Which sentence is not true about rediscount business?

- A.The ceiling on discount interest rate will be gradually abolish.

B.The rediscount reform will prevent the market-based interest rate reform.

C.The range of bills eligible for discount will be expanded.

D.The main purpose of rediscount reform is to guide market interest rate and commercial bank behavior.

(4) After improvement, the basis for calculating the required reserves will be_____.

A.average balance in the accounting period

B.total deposits in the accounting period

C.total loans in the accounting period

D.both B and C

(5) In sequencing of interest rate liberalization, _____.

A.foreign currency interest rate will be reformed before local currency rates

B.rural rates will be reformed before urban financial institutions

C.bank lending rates will be reformed ahead of deposit rates

D.all of above

Part2

1.Multiple Choice （Part2 单选 CAABC CACCA 阅读 CDDDC ADDAA BDCDB）

(1) According to Basel Accord issued in 1988, the capital adequacy ratio should be higher than _____.

A. 6% B. 7% C. 8% D. 9%

(2)Basle Accord issued in 1988 divides the capital of a bank into _____.

A. tier one and tier two B. pass and special mention

C. outstanding and excellent D. standard and substandard

(3) In CAMELS system, the best performance is rated as _____.

A. 1 B. pass C. 5 D. outstanding

(4) In China, _____has the power to carry out financial supervision obligation.

A. central bank B. the CBRC C. fiscal department D. the State Council

(5) The 'C' in CAMELS system refers to _____.

A. capacity B. currency C. capital D. capability

(6) There are _____kinds of risk weight about assets quality in Basel Accord.

A. 3 B. 4 C. 5 D. 6

(7) _____is the core of bank licensing process.

A. An information pre-filing stage B. The application stage

C. The organizing stage D. The operation stage

(8) The supervision authority will not scrutinize _____ when licenses a proposed bank.
A. the qualification of managers B. business site
C. the source of capital D. operation plan
(9) The aim of financial supervision is _____.
A. to save failing banks
B. to protect all savings account
C. to maintain reputation of financial system
D. to control asset quality
(10) In China, the minimum capital requirement for a national-level commercial bank is RMB_____billion.
A. 1 B. 150 C. 180 D. 200

2.True or False

(1) The banking organizations are not so highly geared as the industrial companies.
The limit on the deposit insurance coverage also serves to minimize moral hazard on the part of the depositors.
(3) Bank charter is usually granted by the central bank or a separate supervisory body of a country.
(4) Banking, by its nature, entails taking a wide array of risks.
(5) The most important types of operational risk involve breakdowns in external controls or corporate governance.
(6) Reputation risk is particularly damaging for banks since the nature of their business requires maintaining the confidence of depositors, creditors, and the general marketplace.
(7) From the bank supervisor's perspective, the most attractive approach is to try to encourage the assisted merger of the failing bank into a sound institution.
(8) If a bank has already licensed, it need not inform the supervision authority that the director or the senior management has changed.
(9) The banking supervision authority in a country has the right to supervise all kinds of financial institutions.
(10) Selling unprofitable assets is a kind of measures to improve the bank's capital level.

3.Cloze

Banks face a risk of losses in _____ arising from movements in exchange rates. Established accounting principles cause these risks to be typically most _____ in a bank's trading activities. and by taking _____ positions in foreign currencies. The risks inherent in foreign exchange business, particularly in running open foreign exchange positions, _____ during periods of instability in exchange rates.
1.positions 2.rates 3.visible 4.increase 5.open

support. The composite is not determined by calculating a simple_____ of the separate components. Rather, it is the result of a _____assessment by the examiner-in-charge of the overall condition of the bank. The composite includes additional considerations, such as the bank's competitive position, including its future prospects and trends in its financial performance. Thus, the summary rating provides a broad _____of the examiner's findings regarding a bank's overall financial condition and immediate prospects.

1.sound　　2.average　　3.fail　　4.measure　　5.comprehensive

A key ingredient of a good lending function is a strong and independent credit administration department. This department's functions_____ independent analysts charged with the review and analysis of borrower's financial condition and prospects. The department also evaluates loan _____and adherence to loan covenants, reviews statistical data and trends in the portfolio, and identifies _____to policies and procedures. Much of this information is regularly shared with senior management and, where necessary, with the board of directors. The internal review should also focus on the types of _____being extended, the level of risk concentration in particular areas, the loss experience in various segments of the_____, and the need for changes in credit standards and guidelines.

1.credit　　2.require　　3.exceptions　　4.portfolio　　5.performance

4. Translation

（1）Effective supervision of banking organizations is an essential component of a strong economic environment in that the banking system plays a central role in making payments and mobilizing and distributing savings.有效的银行监管是宏观经济稳健的重要组成部分。银行体系在支付、动员储蓄、资源配置等方面起着中心作用

(2) Deciding on the appropriate level of systemic protection is by and large a policy question to be taken by the relevant authorities (including the central bank), particularly where it may result in a commitment of public funds.

确定适当的系统保护机制通常是相关当局（包括中央银行）的一个政策问题，特别是在可能涉及公众资金的委托事项的时候（确定适当的系统保护机制尤为重要

(3) A key aspect of the licensing process is an evaluation of the competence, integrity and qualifications of proposed management, including the board of directors.

银行开业审批过程中的一个重要内容是对提名的包括董事会成员在内的管理层在能力、品质和资格方面进行评估。

(4) If there will be a corporate shareholder with a significant holding, an assessment of the financial condition of the corporate parent should be made, including its capital strength.如果银行的控股股东是法人，监管当局还应审查银行母公司的财务状况，包括其资本实力

(5) The host authority should also consider whether the home country supervisor capably performs its supervisory task on a consolidated basis.

监管当局还应该考虑母国监管者能否可靠地完成联合监管的任务

(6) Serious banking problems have arisen from the failure of banks to recognize impaired assets, to create reserves for writing off these assets, and to suspend recognition of interest income when appropriate.　如果银行不能及时识别损失的资产，增加核销呆账的准备金，并在某些情况下停止计息，银行就会面临严重的风险问题。

(7) Banks are particularly susceptible to legal risks when entering new types of transactions and when the legal right of a counterparty to enter into a transaction is not established.

当银行进入一些新的业务领域或者交易对手开展新业务的合法权利没有确立时，银行很容易遭受法律风险

(8) Under the loan classification system, criteria used to assign credit quality ratings are primarily based upon the degree of risk and the likelihood of orderly repayment, and their effect on a bank's safety and soundness.在贷款分类系统中，贷款的风险度、贷款偿还的有序性及其对银行安全性和稳健经营状况的影响程度通常是确定贷款等级分类的基础

(9) Pending factors may include a proposed merger or acquisition, liquidation proceedings, capital injection, preferring liens on additional collateral, or refinancing plans.　　这些特殊的因素包括：合并或兼并计划、

清算收益、资本注人、增加抵押物或者再融资计划
(10) Bank failures can serve a useful purpose by rewarding strong managements and penalizing weak ones.
银行倒闭将有利于体现优胜劣汰的市场规律
(11) Prudential requirements cover a broad spectrum of banking activities and play an important part in assuring the effectiveness of the supervisory process. Of which, there are five key areas where the extensive prudential policies have been implemented by bank regulators of most countries, these are capital adequacy, asset concentrations, loan classification system and adequacy of loan loss reserves, liquidity and risk management and internal controls. 谨慎性要求包含了银行活动的各个领域，并且在确保银行监管的有效性方面发挥着重要的作用。世界各国银行在制定和实施银行制度时都在以下五个方面体现了谨慎性要求：资本充足率、资产集中、贷款分类系统和坏帐准备金计提的充分性、流动性以及风险管理和内部控制
(12) Banking supervisors recognize that banking is a business of taking risks in order to earn profit and assumes varied and complex risks that warrant a risk-oriented supervisory approach. Consequently, bank regulators in many countries have adopted risk-based approach to supervise banks. Under this approach, supervisors do not attempt to restrict risk-taking but rather determine whether banks identify, understand and control the risks they assume. 银行监管人员应该认识到银行是一个通过经营高风险业务来获取利润的企业，并且承担各种复杂的风险，因此对风险源头必须采取监管的方法。目前，许多国家采取以风险为基础的监管模式。按照这种方法，监管当局不约束银行的风险经营，而是确定银行是否识别、了解和控制了他们所面临的风险 (13) Supervisors must assess the ownership structure of banking organizations including the bank's direct and indirect controlling and major direct or indirect shareholders. This assessment should review the controlling shareholders' past banking and non-banking business ventures and their integrity and standing in the business community, as well as the financial strength of all major shareholders and their ability to provide further financial support should it be needed. As part of the process of checking integrity and standing, the supervisor should determine the source of the initial capital to be invested.

Where a bank will be part of a larger organization, licensing and supervisory authorities should determine that the ownership and organizational structure will not be a source of weakness and will minimize the risk to depositors of contagion from the activities conducted by other entities within the larger organization. The other interests o f the bank's major shareholders should be reviewed and the financial condition of these related entities assessed. 监管当局应当评估银行机构的所有权结构，包括银行的直接和间接的控制者。主要的直接和间接的股东。这项评估应该检查控股股东 过去是否在银行或非银行业务活动中有过度冒险的行为，评估其在商业活动中的诚信和能力，所有主要股东的资金实力以及在银行发展需要的时候提供进一步支持的能力。作为检查银行诚信和业务运作能力的一项主要内容，监管者要审定申请者投入初始资本的来源。如果银行是一个大型企业 的一部分，营业执照主管部门和监管当局还要检查该企业的所有权结构和组织结构，要确保银行和企业总部的业务活动不会形成同一个风险源，不 会因为企业组织内部其他部门出现问题而将风险传染或转嫁给银行，应该确保这种关系给存款人带来的风险降至最低。与此同时，监管当局还需要 进一步检查银行主要股东的其他投资情况，并对银行关联企业的财务状况进行评估。
5. Reading Comprehension
Passage One

Banking organizations are highly geared, much more than commercial or industrial companies. They have custody of large volumes of monetary items, which makes them vulnerable to misappropriation and fraud. They therefore need to establish formal operating procedures, well defined limits for individual discretion and rigorous systems of internal control. Banking organizations engage in a large volume and variety of transactions. This necessarily requires complex accounting and internal control systems and widespread use of electronic data processing.

items may not involve accounting entries and consequently the failure to record such items may be difficult to detect. And most importantly, the failure of a bank unlike most commercial firms, affects more than the fortunes of its shareholders and creditors, and may destabilize the whole economy.

Effective supervision of banking organizations is an essential component of a strong economic environment in that the banking system plays a central role in making payments and mobilizing and distributing savings. Strong and effective banking supervision provides a public good that may not be readily available in the marketplace. Along with effective macroeconomic policy, it is critical to financial stability in any country. While the cost of banking supervision is indeed high, the cost of poor supervision has proved to be even higher.

(1) Banking organizations are highly geared, much more than commercial or industrial companies. The implication of this sentence means_____.

A. Banking organizations are, in nature, companies like commercial or industrial companies.

B. Banking organizations are profit-seeking companies like commercial or industrial companies.

C. Banking organizations carry more liabilities than other commercial or industrial companies.

D. Banking organizations carry fewer liabilities than other commercial or industrial companies.

(2) Why is it necessary to require a bank to establish complex accounting and internal control systems? _____.

A. Because banking organizations make trade business with other commercial companies everyday.

B. Because banking organizations are like other commercial companies and have a large number of commercial transactions everyday.

C. Because banking organizations have the same business transactions with larger commercial companies.

D. Because banking organizations engage in a large amount of funds and variety of fund transactions.The failure of a bank _____.

A. has little influence to his shareholders or creditors.

B. has the same influence to his shareholders or creditors with most commercial firms.

C. may not destabilize the country's economy.

D. has substantial influence to his shareholders or creditors.

(4) Strong and effective banking supervision is an essential component of a strong economic environment because banking system plays an important role in _____.

A. making paymentsB. mobilizing savings

D. all of the above

(5) What's the main idea of this passage? _____.

A. It tells that banks are like other commercial or industrial companies.

B. It tells that banks are unlike other commercial firms.

C. It tells that banks are much more important than other commercial firms.

D. It tells the reasons why banks need strong and effective supervision.

Capital is at the top of any bank supervisor's list. The most basic form of capital is equity capital, which is the shareholder's financial interest or net worth. Equity capital serves several purposes: it provides a permanent source of revenue for the shareholders and funding for the bank; it is available to bear risk and absorb losses; it provides a base for further growth; and it gives the shareholders reason to ensure that the bank is managed in a safe and sound manner. Minimum capital adequacy ratios are necessary to reduce the risk of loss to depositors, creditors and other stockholders of the bank and to help supervisors pursue the overall stability of the banking industry.

The Basle Committee's Principles for Effective Banking requires that supervisors set prudent and appropriate minimum capital adequacy requirements and encourage banks to operate with capital in excess of the minimum. When it appears appropriate due to the particular risk profile, uncertainties regarding the asset quality, risk concentrations or other adverse characteristics of a bank's financial condition, considerations of requiring higher than minimum capital ratios are encouraged. If a bank's ratio falls below the minimum, banking supervisors will act to ensure that it has realistic plans to restore the minimum in a timely fashion, or may consider putting additional restrictions on the bank's operations.(1)How does the bank supervisor concern the capital of a commercial bank?

A. Bank supervisor puts the capital to the most important place of his concerns.

B. Bank supervisor cares less about the capital of a commercial bank.

C. Bank supervisor lists the capital in the first line of his notebook.

D. Bank supervisor does not concern the capital too much.

(2) Which is NOT true about equity capital of a bank?

A. It can bring income for its shareholders.

B. It can provide financial support to a bank.

C. It can improve the development of a bank.

D. It cannot indicate whether a bank is managed in a safe or sound manner.

(3) What's the use of minimum capital adequacy ratio for a bank? The ratio is used _____.

A. to measure whether a bank is managed in a safe way.

B. to reduce risks to depositors and creditors of a bank.

C. to help supervisors pursue the stability of banking industry.

D. all of the above(4) Supervisors usually encourage commercial banks to operate with capital _____the minimum standard.

A. above B. below C. within D. equal to

(5) This passage tells us about the importance of _____.

A. capital adequacy B. minimum capital ratio

C. equity capital D. Core Principles for Effective Banking Supervision

From a procedural standpoint, it is not necessary for examiners to analyze every single credit on the books of the bank, since a fairly reliable picture can be obtained by analyzing the bank's largest and most important credits. In general, examiners aim to evaluate a minimum of 50 percent of the value of a bank's loan portfolio, generally the commercial loan portfolio. At banks with recognized problems, a higher level of coverage, perhaps up to 80 percent, would be sought. To achieve the appropriate level of coverage, a minimum value of a loan to an individual borrower or group of borrowers is established, and this minimum is called the It normally would equal l/2 percent to l percent of the bank's total capital funds. Once the line limit is established, examiners will read and evaluate all loans at or over that minimum amount. In addition, all previously identified problem loans and all high risk credits, including those seriously past due or delinquent, would also be evaluated.

In cases where bank examiners have confirmed that a bank has a well-developed and effective internal loan review function, they also employ a statistical sampling program. In this program, a random sample of credits in the bank's loan portfolio is considered; this sample is sufficiently large to provide a high degree of confidence that it is representative of the entire loan portfolio. The credits are then read and the examiners' rating of each loan is compared with the bank's internal risk rating for the same credits. If the examiners' ratings agree with the bank's, thenexaminers will use the bank's internal risk reviews to round out their review of the bank's loan portfolio.

(1) To achieve a fairly reliable conclusion about a bank's asset quality, examiners should analyze_____.

A. every single credit on the books of the bank

B. the bank's largest and most important credits

C. the terms and structure of the loans

D.the uses of the loans

(2) Generally, examiners evaluate at least _____of the value of a bank's loan portfolio.

A. 80% B. 70% C. 60% D. 50%

(3) The line limit of a loan to an individual borrower or group of borrowers for examiners to cover normally equals to _____of the bank's total capital funds.

A. 10% B. 8% C. 0.5%-1% D.6%

(4) Besides the largest and important credits, examiners should also analyze _____.

A. previously identified problem loans B. all high risk loans

C. past due loans D.all of the above

In the sentence '……examiners will use the bank's internal risk reviews to round out their review of the bank's loan portfolio', 'round out' means_____.

A.to become round B.to completeC.to collect together D.to travel around

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Part3

1.Multiple Choice Part3 单选 CCACA BCBBD ACACD ABCCA

阅读 ACABD DAADB BADAC）

(1) The ways of correcting deficit include several measures except _____.

A.import restriction B.export restriction C. monetary measures D.devaluation

A. European B. Some country in Europe

C. Offshore D. All the countries in Europe

(3) China adopts _____ method.

B. the indirect quotation
C. the mean quotation D. the dollar quotation
(4) In _____ the customers have the option granted by the bank to perform or to give up the contracts.
A. spot transactions B. forward transactions
C. option forward transactions D. swap transactions
(5) _____ is not the member of Group of Ten
A. Luxembourg B. Netherlands C. The United States D. Switzerland
(6) When the outflows are smaller than inflows in a currency, then there is _____.
A. a short position B. a long position
C. an exchange position D. an interest rate position
(7) In facing foreign exchange risks, a manager may choose to cover using _____.
A. forward market B. money market
C. either forward market or money market D. capital market
(8) Accepting or creating a swap position depends on the manager's forecast for _____ .
A. the particular maturity dates of the instruments
B. interest rate differentials for a future period
C. the operation of the multinational firm
D. exchange rates relative to francs
(9) In the forward market the exchange risk is covered by _____.
A. buying the inflow currency on the specific date
B. selling the inflow currency against the outflow currency
C. borrowing a large amount of currency at a later time
D. expecting the inflow currency against the outflow currency
(10) The _____is regarded as the beginning of the reconstruction of the postwar financial system.
A. Bretton Woods B. IMF C. IBRD D. Bretton Wooods Agreement
(11) Direct quotation is given in terms of the amount of _____ currency required to buy one unit of a _____ currency.
A. local; foreign B. foreign; local C. local; local D. foreign; foreign
(12) you will make money if you buy a futures contract _____.
A. (go short) and the futures price goes up
B. (go short) and the futures price goes down
C. (go long) and the futures price goes up
D. (go long) and the futures price does not change
(13) If you sell a futures contract (go short) and the futures price _____, you will surely lose money.
A. goes up B. goes down C. does not change D. changes greatly
(14) A balance of payments statement shows a country's _____ foreign countries during a given period of time.
A. receipts and payments of B. receipts and payments from
C. receipts from, and payments to D. receipts to, and payments from
(15) _____ referred to as foreign exchange.
A. The currency of a foreign country is
B. The convertible currency of a foreign country is
C. The process of exchanging foreign currency is

another country are

(16) Foreign exchange rates are determined _____.

A. by supply and demand in the same way that prices of ordinary commodities are determined by supply and demand

B. by supply and demand in a different way that prices of ordinary ommodities are determined by supply and demand

C. by interest rates

D. by inflow and outflow of money

(17) If we import more goods than we export, there will be _____.

A. a deficit in balance of payment B. an adverse balance of trade

C. a surplus in balance of payment D. a favorable balance of trade

(18) If China has a favorable movement in the balance of payments, then _____. A. the exchange rate will appreciate

B. the exchange rate will depreciate

C. the RMB exchange rate will appreciate

D. the foreign exchange rate will depreciate

(19) _____exchange rates system has the advantage of avoiding the competitive depreciation of exchange rates.

A. Floating B. Managed floating C. Fixed D. Flexible

(20) _____ exchange rates system has the advantage of being free to carry out an independent monetary policy, without too much attention to the balance of payments.

A. Floating B. Pegged C. Fixed D. Any

---

(1) International financial leasing is one example of international commercial loans.

(2)The registration certificate for external debt shall be formulated,signed and issued by the Ministry of Foreign Trade and Economic Cooperation.

(3) Domestic entities have freedom in leasing, lending or cross-using their foreign exchange accounts.

(4) The agents of transactions have the obligation of reporting balance of payments statistics to the relevant authorities.

(5) The exchange rate of the Chinese currency is determined by the inter-bank foreign exchange market.

(6) The foreign exchange market is not a physical place but a network of telephones & telex systems connecting large banks all over the world.

(7) When a firm is subject to changes in interest rate differentials, it has a swap position.

8) Foreign-funded enterprises may retain their export earnings if those earnings do not exceed the limit set by the SAFE.

(9) In order to be marketable on exchanges, options are standardized in terms of quantity, settlement dates and quotation.

(10) The obligation to exercise a purchase of a certain amount of a currency at a strike price at a prearranged expiry date is called a call option.

(11) Swaps are the simultaneous purchase and sale of identical amounts of a currency for different value dates.

(12) Outright forward operations can be hedges, and safe deals if they lack a commercial or financial background.

foreign currency quoted.
(14) Arbitrage is the process of taking advantage of price differences in different places.
(15) The Chinese currency is the RMB, and China has maintained a unified fixed foreign exchange rate since Jan. 1994.

Cloze

External guarantees refer to those in the form of guarantee _____ , stand-by letters of credit, promissory notes, checks and drafts,_____ on real properties, hypothecation on movables, provided by domestic _____ to institutions outside China or foreign-funded financial institutions inside China with the pledges that when the debtor fails to repay in _____with the contract, the _____shall perform the obligation of repayment. The People's Bank of China _____ the SAFE to be responsible for the examination, approval, administration and registration of guarantees made for external liabilities. The _____ balance of guarantees _____ overseas, foreign exchange guarantees within Chinese territory and foreign exchange debts of a financial institution may not exceed 20 times their foreign exchange funds. The balance of guarantees made overseas provided by a non-financial institution shall not _____ 50% of its net assets or its foreign exchange _____ in the previous year. Guarantors may not provide guarantee for loss-making enterprises.

1.letter 2.entities 3.mortgages 4.guarantors 5.line
6.empowers 7.revenue 8.exceed 9.made 10.combined

A currency, whether in foreign exchange or _____, is usually called convertible if the person holding it can _____ it, in other words change it, freely into _____ currency. A distinction needs to be made, however, between unrestricted _____ and the various forms of partial convertibility. The Swiss _____ , for example, is fully convertible whether the holder is _____ in Switzerland or abroad, and regardless of whether current payments or financial transactions are concerned.

Many countries, on the other hand, recognize only external, or _____, convertibility. Until October 1979, for instance, this was still the _____ with the United Kingdom: if a German exporter, say, had sterling funds in a British bank, he could (and can) simply _____the bank to convert his pounds into any other currency and remit the proceeds abroad; but a person domiciled in Britain could not, as a general rule export capital except with the _____of the Bank of England.

1.bank notes 2.another 3.convert 4.francs 5.convertibility
6.resident 7.consent 8.instruct 9.case 10.non-resident

4. Translation

(1)In line with the growth of international trade and the liberalization of capital movements, the volume of foreign exchange business grew tremendously inthe course of the Sixties and the early Seventies. 伴随国际贸易的发展和资本流动自由化，外汇业务在20世纪60年代和70年代初取得了长足的发展

(2)On November 27, 1996, China formally lifted all remaining current account estrictions and became an Article VIII member of the International Monetary Fund.1996年11月27日，中国正式取消了经常项目下尚存的汇兑限制，成为国际货币基金组织（IMF）第八条款成员

(3)Domestic entities may apply with the SAFE for opening a foreign exchange account for current account transactions, the SAFE shall specify receipts and payments scope, operating duration, ceiling of the account balance according to the utilization of the foreign exchange account, and make a clear indication in the foreign exchange account utilization certificate the foreign exchange registration certificate. 境内机构开立

经常项目外汇账户应当经外汇局批准。境内机构申请开户时，外汇局应当根据外汇账户的用途，规定账户的收支范围、使用期限及相应的结汇方式或者核定最高金额，并在《外汇账户使用证》或者《外商投资企业外汇登记证》中注明

(4)External guarantee may be offered by qualified financial institutions and enterprises meeting the government requirements and approved by the SAFE. 提供对外担保，只能由符合国家规定条件的金融机构和企业办理，并须经外汇管理机关批准

(5)The registration of external debt may be performed on a case-by-case basis or periodically, the registration certificate for external debt shall be formulated, signed and issued by the SAFE. 外债登记分为逐笔登记和定期登记。外债登记证由外汇管理局统一制定和签发。

(6)International commercial loans refer to borrowing by domestic entities from financial institutions, enterprises, individuals or other economic organizations outside China territory, or foreign-funded financial institutions within the Chinese territory in the form of loans contracted for repayment in foreign currencies.
国际商业贷款是指境内机构向中国境外的金融机构、企业、个人或者其他经济组织以及在中国境内的外资金融机构筹借的，以外国货币承担契约性偿还义务的款项。

(7)All claims to foreign currency payable abroad, whether consisting of funds held (in foreign currency) with banks abroad, or bills or cheques, again in foreign currency and payable abroad, are termed foreign exchange. 所有可以在国外得到偿付的外币债权，不管是存在国外银行的资金（以外币形式），还是以外币表示的、可在国外得到偿付的票据或支票都被称作外汇

(8)A currency, whether in foreign exchange or bank notes, is usually called convertible if the person holding it can convert it, in other words change it, freely into another currency. 一种以外汇或外国钞票形式存在的货币，如果持有者可以将其转换，也就是说可以自由兑换为另一种货币，这种货币通常被称为可兑换货币

(9) in the original sense thus meant taking quick advantage of price differences prevailing in 套汇'原来的意思是指利用不同市场上的价差迅速获取利益，正是由于套汇的存在才使不同市场上的价差消除

(10) The buyer of an option decides whether or not he will take up (call) or supply (put) the amount of a currency stipulated in the contract and pays a premium for this right.
期权的购买者有权决定是否吸纳（买入期权）或提供（卖出期权）合约中标明的一定数量的货币，并为此权利支付一定的费用

5. Reading Comprehension

Passage One

In a spot transaction, the settlement and delivery of currencies take place within two business days from the transaction date of the deal. Using a normal definition of two business days, one can see that a Friday deal will be settled on he following Tuesday if the day is a business day of banks. The spot rate, as a rule, consists of five numerical figures, for example, on April 19, 1992 closing rates of Japanese Yen and Deutschemark against one U.S. Dollar in the New York exchange market were 133.70 / 133.90 and 1.6645 / 1.6665 respectively. The first rate is the buying rate and the second rate is the selling rate. Again for example, Japanese Yen 133.70 is the buying rate (bid rate) of the exchange dealer (usually a bank) for one U.S. Dollar or the selling rate for Yen. Japanese Yen 133.90 is the selling rate (offered rate) for one U.S. Dollar or the buying rate for Yen, The

represents the profit of a bank in buying and selling foreign exchange. The points are usually the first two places to the right of the decimal in the quotation, but they can be carried to three or four places.

(1) In a spot transaction, the settlement and delivery of currencies take place within_____ from the transaction date of the deal.

A. one day　　B. two days　　C. two business days　　D. three days

(2) If the transaction day is Friday then you can settle the deal on_____ .

A. Saturday　　B. Sunday　　C.Tuesday　　D. Wednesday

(3) According to the spot prices of Japanese Yen against one U.S Dollar in the New York exchange market the first price is_____.

A. buying price　　B. selling price　　C. intermediate price　　D. reference price

(4) The differential between buying price and selling price is called_____ .

A. base price　　B. margin　　C. loss　　D. profit

(5) The differential between buying price and selling price is_____ of the bank.

A. base price　　B. margin　　C. loss　　D. profit

Passage Two

For simplicity, enterprises with overseas Chinese capital, enterprises with foreign capital, and Chinese and Foreign joint ventures are hereinafter referred to as Foreign-Invested enterprises. The exchange control relating to Foreign-Invested Enterprises and their personnel may be summarized as follows:

(1) All their foreign exchange receipts must be deposited with any authorized bank and all their foreign exchange payments must be paid from their respective foreign exchange deposit accounts.

(2) They must submit their periodic reports and statements of their foreign exchange business to the SAFE or its branch offices.

(3) Except where otherwise approved by the SAFE or its branch offices, Renminbi should in all cases be used in the settlement of transactions between them and other enterprises or individuals residing in China.

(4) They may apply to authorized banks for remitting abroad their net profit after tax as well as other legitimate earnings, and to the SAFE or its branch offices for transferring foreign exchange capital abroad, both with the funds withdrawn from the above-mentioned deposit accounts.

(5) Subject to the prior approval of the SAFE or its branch offices, they may maintain deposit accounts with banks in foreign countries and the Hong Kong and Macao regions.

(6) They may borrow from foreign countries and the Hong Kong and Macao regions but it must be reported to the SAFE or its branch offices.

(7) Wages or other legitimate earnings after tax of their staff members workers of foreign nationality and those from the Hong Kong and Macao regions may be remitted or taken out of China in foreign currency.

(1) Foreign-Invested enterprises include_____

A. overseas Chinese capital B. enterprises with foreign capital

C. Chinese and Foreign joint ventures D. all of A, B and C

(2) Foreign-Invested Enterprises must submit their periodic reports and statements of their foreign exchange business to_____ .

A. the SAFE B. the central bankC. the government D. the stock exchange

(3) Foreign Invested Enterprises can get foreign exchange for their business after they get agreement from_____.

A. the SAFE B.the central bankC. the government D. the stock ezxhange

(4) Having gotten approval of SAFE of Foreign-Invested Enterprises can maintain deposit accounts with banks in _____.

A. foreign countries B. Hong KongC.Macao regions D. all of A, B and C

(5) Wages or other legitimate earnings after tax may be remitted or taken out of China in_____ .

A. Renminbi B. foreign currency C. US dollar D. Eurodollar

Passage Three

The introduction of floating rates of exchange has substantially increased the demand by international traders and investors for forward cover to protect themselves against extreme fluctuations, Since it is usually difficult for them to pinpoint the exact date on which the payment will be required or the earning will be received, banks are often called upon to provide option forward contracts. It should be made clear that the option granted by the bank to its customers is an option only to the date of delivery within the contracted period and that such contract must be satisfied by the last date of the option period. The foremost consideration for the bank in pricing an option forward contract must be that of protecting it against the possibility that the delivery will be

where forwards are dealt at a discount, the bank (the seller) must assume that the delivery will be taken on the first day of the option, so spot rate will be quoted and no discount will be allowed. Should the forward rate be at a premium, the bank should assume that the delivery will not be made until the last date allowable under the terms of the option forward contract, so the forward price will

contract, the bank will be the buyer the opposite should be exactly assumed. In both cases, the bank must allow the smallest discount or charge the highest premium consistent with market rates for its protection.

(1) International traders and investors use forward cover to protect themselves from _____.

A. fixed rate B. floating rate C. forward contract D. option contact

(2) You can use option forward contracts to choose favorite_____ for yourself.

A. date B.price C. currency D. customer

(3) In the bank's eyes the most important factor which should be pay attention to is _____in pricing option forward contract.

A. the customer B. the sum of the contract

C. the currency D. delivery at the most inopportune time.

(4) In the case of a 'buyer's option', if forwards are dealt at a discount, the customer can deliver _____on in his favor.

A. the first day B. the second day C. the last day D. any day

(5) In the case of a 'buyer's option', if forwards are dealt at a premium, the customer can deliver _____ on in his favor.

A. the first day B. the second day C. the last day D. Eurodollarany day

Part4

1. Multiple Choice （Part4 单选 ACBBA CCBAD CAACD ADACB
阅读 CABDD DAABC CDBAC）

(1) Accounting is the system that measures business activities, processes that information into reports, and communicates these findings to _____ .

A. decision makers B. government C. managers D. suppliers

(2) Financial statements are the documents that report on an individual's or an organization's business _____ .

A. quantatively B. qualitatively

C. in monetary amounts D. in financial amounts

(3) _____ is a procedural element of accounting as arithmetic is a procedural element of mathematics

A. Auditing B. Bookkeeping C. Public accounting D. Social reporting

(4) Businesses determine their _____ based on their accounting records that show how much they have sold.

A. deferred tax B. sales tax C. income tax D. corporation tax

(5) Auditing is the accounting profession's most significant service to _____ .

A. the Public B. the Limited companies C. investors D. tax authorities

(6) _____ is the independent examination that ensures the reliability of the accounting reports that management prepares and submits to investors, creditors, and others outside the business.

A. A segmental reporting B. A management account

C. An Audit D. A management review

(7) In carrying out an audit, _____ from outside a business examining the business's financial statement.

A. internal auditors B. professional appraisalers

C. certified public accountants D. investors

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