Loans and credit

Listen to the recording and choose the correct answer:

1. What is the primary focus of banks when deciding who to lend to?
A. The customer's annual financial reports
B. The customer's future business prospects
C. The type of loan the customer requires
D. The bank's existing portfolio and industry limits

2. How do banks ensure a customer can repay a long-term loan?
A. By discussing the loan terms with the customer
B. By analysing the customer's current financial situation
C. By verifying the customer can repay from operating cash flow
D. By considering the overall maturity period of the loan

3. What action must banks take if they want to increase their credit limit for a specific industry sector?
A. Obtain approval for the higher limit
B. Ensure the sector has a favourable rating
C. Finance only the best companies in that sector
D. Diversify their portfolio in that sector

4. When considering transactions in Eastern Europe or Asia, what additional factor do banks evaluate?
A. The customer's credit rating in those regions
B. The bank's existing country-specific lending limits
C. The availability of short-term financing options
D. The customer's previous experience in those markets

5. According to the text, why might a bank be unable to finance a customer's transaction in a foreign country?
A. The customer's credit history is unsatisfactory
B. The bank has reached its lending limit for that country
C. The customer lacks the ability to repay the loan
D. The bank's sector diversity is insufficient

6. What is the primary purpose of the bank's analysis of the customer's current and future situation?
A. To determine the customer's overall creditworthiness
B. To assess the customer's capacity to repay the loan
C. To evaluate the customer's plans for business growth
D. To ensure the loan aligns with the bank's portfolio strategy

7. What does the text suggest is a crucial consideration for the bank when deciding to lend to a customer?
A. The customer's profitability
B. The bank's existing sector limits
C. The customer's previous loan history
D. The maturity of the requested loan