

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Filip Hamáček
Advisor:	Mgr. Petr Polák, MSc.
Title of the thesis:	Satellite Model Accuracy in Bank Stress Testing

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Filip Hamáček focuses in his thesis on the stress testing of the Czech banking sector. Key drivers of stress testing results are scenarios. Scenarios consist of variables describing macroeconomic development of the economy, but also financial variable with direct effect on banks' balance sheets. These financial variables are results of satellite models and having good performing satellite models is essential. There are variety of approaches uses and Filip compares them in order to suggest an upgrade for the models currently used by the Czech National Bank: His results provide direct guidance in that area.

Filip worked on his thesis very independently and with passion for complexity of his analysis. He managed to tackle all the methodological and modelling issues and came up with results which are beneficial for CNB and other central banks as well.

Contribution

The thesis uses original dataset, and the topic itself has not been examined for the Czech banking sector for quite some time. There is a huge contribution mainly for direct usage of these results as well as for academic debate about suitability of methods applied on satellite models estimation for the stress testing purposes.

Methods

The thesis uses up-to-date advanced methods. I have to stress out, that Filip studied and applied the methods on his own to make sure he understands every detail.

Literature

Literature overview is sufficient, it covers all key-studies as well as up-to-date literature. As this thesis is mainly about the models used for the stress testing of the Czech banking sector, available literature is very limited.

Manuscript form

The thesis itself is very readable and typeset using standard LaTeX template which provides well-formatted tables, figures, and references. My only remark is the description of figures and tables. As Filip describes every detail in the text, it is not that straightforward to quickly find meaning of each figure. I would also appreciate some direct decision about model selection at the end.

Summary and suggested questions for the discussion during the defense

I have no further questions regarding the content of the thesis. For the defense I would suggest that Filip elaborates about how he feels about satellite models currently used by the CNB given the fact that he re-estimated them using new techniques and variables.

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I recommend the thesis for defence and for reasons stated above I suggest grade A.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Contribution (max. 30 points)	30
Methods (max. 30 points)	29
Literature (max. 20 points)	20
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	97
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Petr Polák

DATE OF EVALUATION: 14. 1. 2019



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F