Report on **Master Thesis**

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

Student:	Bc. Matěj Maivald
Advisor:	Doc. PhDr. Petr Teplý, Ph.D.
Title of the thesis:	**Bank credit risk management in the low-interest rate environment**

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

Contribution

The recent low interest-rate environment has resulted in lower EU banks´ profitability caused often by failed credit risk management. Matěj Maivald investigates the topic when testing key determinants of non-performing loans (NPLs) during the 2011-2017 period. The main value added of the thesis is the use of a unique dataset comprising of 827 banks, which enables to investigate many factors such a NPL ratio, a risk-weighted assets to total assets ratio and a Tier 1 capital ratio. Also, he observed the effects of bank heterogeneity His contribution to the literature is therefore clear.

Methods

The author presents three hypotheses. When testing them, Matěj applies standard methods such as the OLS or the GMM system developed by Arellano & Bover (1995) and Blundell & Bond (1998).

Literature

The 5-page literature on relevant works seems reasonable. The author compares his results with Ahmad & Ariff (2007), Chaibi & Ftiti (2015) or Dimitrios et al. (2016) what makes his research valuable.

Manuscript form

The manuscript form fulfils standard requirements. When looking at thesis 'structure, I believe that, after some adjustments, one research paper in a journal with impact factor might be developed from it. I appreciate that Tables 6.7 include a comparison of authors´ findings with other researchers and hence it highlights the author´s contribution.

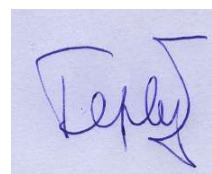**Summary and suggested questions for the discussion during the defense**

Matěj has developed a solid academic approach, reviewed the existing literature, identified and investigated open research questions and drew relevant conclusions from that.
Questions to the defense:

1)   Table 6.7 on p. 38 shows a dummy variable for mortgage banks have a significant negative effect on NPLs. What are specifics of this bank business model? Does Matěj have any regulatory policy recommendation in this respect?

2)   The results of Hypothesis #1 indicates a significant one-year delayed effect on the NPL ratio of the low interest rate environment, when NPLs were increasing. What is explanation for this 1-year delay (and not for 2-year and 3-year delays)? Could a "search for yield" strategy by banks play a role here?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	25
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	17
Manuscript Form	*(max. 20 points)*	17
TOTAL POINTS	*(max. 100 points)*	**84**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: Doc. PhDr. Petr Teplý, Ph.D.
DATE OF EVALUATION: May 15, 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.*

Strong	*Average*	*Weak*
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.*

Strong	*Average*	*Weak*
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.*

Strong	*Average*	*Weak*
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.*

Strong	*Average*	*Weak*
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