Record of the dissertation thesis defence

Academic year: 2020/2021

Student's name and surname:	Mgr. Ing. Barbora Štěpánková, M.A.
Year of birth:	1990
Student's ID:	21799004
Type of the study programme:	doctoral
Study programme:	Economics and Finance
Branch of study:	Economics and Finance
Study Identification Number:	552054
Title of the thesis:	Three Essays on Bank-Sourced Credit Risk Estimates
Thesis department:	Institute of Economic Studies (23-IES)
Language of the thesis:	English
Language of defence:	English
Supervisor:	prof. PhDr. Ladislav Krištoufek, Ph.D.
Reviewer(s):	prof. PhDr. Petr Teplý, Ph.D.
	Hsin-Vonn Seow, Ph.D.
	prof. Jake Ansell, Ph.D.
Date of defence:	05.05.2021 **Venue of defence:** Praha
Votes of the board:	pass: 6 fail: 0

Course of defence:

The Defense Committee Chair initiated the defense by verbal statements confirming (i) that a satisfactory number of Defense Committee Members were present, (ii) that the student fulfilled all the requirements as listed in the Study and Examination Code of Charles University.

The Defense Committee Chair introduced all present committee members and asked Barbora Stepankova to present her dissertation thesis. Barbora Stepankova briefly described all three parts and the main findings of her dissertation. Afterward, Barbora Stepankova focused on the fourth chapter called „Consistency of Banks' Internal Probability of Default Estimates" in more detail.

After the referees and the advisor summarized their reports, an open discussion followed. During the discussion, Barbora Stepankova satisfactorily answered all the questions from the audience.

In the end, Barbora Stepankova left the room, all audiences except the committee left the online room, and then the committee voted. After the voting of the committee, Barbora Stepankova connected to the defense again to hear the result of her defense.

Question 1:
Banks created some buffers. Supervisors approached credit risk management differently. For example, The Czech national bank did not want to change the rules at the beginning. Banks typically have some modelling behind their decisions. Did I understand well, that you still believe that empirical based estimate can be used more

effectively than regulators did it?
Answer:
I agree, this is an unprecedent situation, it would be probably beneficial if there would be more guidance from regulators. Hopefully, for the future they will be able to go back to the data and use them better than they did this time. We observed very different actions by different banks.

The Committee was satisfied with the answer.

Question 2:
There were a lot of specific approaches of the countries. I think the problem is the time frame. In credit risk we do not see the final effect because of the huge lag, it will be observed over 2021 or even 2022. Is there anything what you see based on your research that could use to help to this kind of new situation and how to be prepared better for the next time?
Answer:
Well, even though Banks do not expect to see a raise in defaults now, it is possible that the termination of COVID-related measures and a potential shift in consumer behavior will lead to higher default rates. Once we are over the crisis with full data, we can analyze them, compare the different approaches of Banks and their impact, and learn from them.

The Committee was satisfied with the answer.

Question 3:
The modelling is an issue. In some area when we are looking on COVID, they use different policies. Statistical and machine learning approaches. And the bayesian approach was suggested. How policy people intervene. Is such dispersion appropriate according to you?
Answer:
I think that yes.

The Committee was satisfied with the answer.

Question 4:
Practically, if you think about the increase of PDs. Even as the increase looks horrible, it was recommended to not use the close to default risk categories for some time. Did you get some uninformal evidence on how would the crisis impact look like without the recommendation? Or would it be not so different?
Answer:
It is a very good point that regulators limited the impact of the crisis. Unfortunately, I do not have any inside information as to how the data would look like without this intervention.

The Committee was satisfied with the answer.

Result of defence:	pass (P)
Chair of the board:	doc. PhDr. Adam Geršl, Ph.D. (present) ....
Committee members:	doc. PhDr. Ing. et Ing. Petr Jakubík, Ph.D., ... Ph.D. (present)
	prof. PhDr. Petr Teplý, Ph.D. (present) ....

doc. Ing. Zdeněk Tůma, CSc. (present)   ....

Hsin-Vonn Seow, Ph.D. (present)   ....

prof. Jake Ansell, Ph.D. (present)   ....