

Report on Rigorous Thesis

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

Student:	Mgr. Tatjana Vukelic
Advisor:	PhDr. Ing. Petr Jakubik, Ph.D.
Title of the thesis:	Stress Testing of the Banking Sector in Emerging Markets: A Case of the Selected Balkan Countries

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

The submitted rigorous thesis is focused on: "Stress testing as a macroprudential analytical method of assessing the financial system's resilience to adverse events": The thesis is well-structured and has two features complementing each other - economic and econometric.

The methodology of the stress tests is briefly but carefully described and illustrated on the stress testing for credit and market risks on the real bank by bank data (not from originally four countries but only from the two Balkan countries).

A top-down stress testing approach was applied. Credit risk was captured by the macroeconomic credit risk models that estimate the default rates of the corporate and the household sectors.

The author successfully set-up the framework for the countries that were not much covered in former studies and that face the limited availability of data. Unfortunately data for Macedonia and Bosnia were not available, so the study could be developed only for Croatia and Serbia. Since the diploma thesis the study was supplemented by updated comparisons that are not contradicting earlier results.

The outcome can help to reveal possible risks to financial stability. I support the position that the methods described in the thesis can be further developed and applied to the emerging markets that suffer from the similar data limitations.

Summing up , the thesis demonstrated excellent analytical ability of the author, as well as the application of sophisticated econometric models. The thesis complies with its defense requirements and the evaluation yields the grade excellent.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	29
<i>Contribution</i> (max. 30 points)	26
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	92
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *prof. Michal Mejstrik*

DATE OF EVALUATION: *March 12, 2012*

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

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

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

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 POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě