Report on Master Thesis

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

Student:	**Adelina Hajzeraj**
Advisor:	**Petr Gapko**
Title of the thesis:	**Analysing the Performance of European Commercial Banks**

The author chose a very actual and interesting topic, i.e. how banks in individual European countries were affected by the 2009-2010 crisis. As this crisis was a cause of the forthcoming stricter regulation, such an analysis is very helpful in understanding what will be the impact of the increased regulation in different countries. The author focused mainly on determining whether there is a statistically significant difference between countries that were affected by this crisis less and countries that experienced a heavy impact. Then, the author analysis the whole dataset as a panel and concludes what differences were estimated among countries and years. My comments to the thesis are summarized in the following paragraphs.

The language in chapter 3 is not balanced and there are sections that are not written in a decent way and thus are difficult to follow.

Subsection 3.7 – the Swedish authority should be "Riksbank" instead of "RiskBank"

Page 37 – the Basel III targeted minimum capital adequacy will not necessarily be 10.5%, it depends on the point of the business cycle, the systemic importance of the bank, etc…if individual buffers are accumulated, the final minimum capital adequacy can reach as high as 18%.

If talking about liquidity and Basel III, the author should have described also the Basel III new liquidity requirements, under which banks will need to maintain a certain level of liquidity. Also, this is an interesting topic for research, as banks might have tried to increase their liquidity ratios in the last few years, just to be ready for the Basel III. This also depends on the country of origin of individual banks as different markets are differently liquid.

In the subsection 5.1 I'm not fully confident that the author utilized the results of the t-test used for the comparison of ROAA, ROAE and NIM of banks in highly and less affected countries correctly. First, a clear statement of the null hypothesis is missing in the text. Second, it is not 100% clear whether the author used the t-test for the comparison of mean values or the variances. I recommend the author to focus on this point during the defense.

Lastly, in the panel regression, a test of normality of residuals is missing. This test might help understand whether there is some additional variation in residuals that is not captured. Also, the author should have provided the individual intercepts for cross-sections in the fixed effects model, which could show how are the individual cross-sections affected.

Overall, the thesis is very interesting and the author did a good job with analyzing the dataset. Despite the fact that the thesis has got several shortcomings, it fulfills all requirements. Thus, I recommend the thesis for a defense with grading 2.

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

CATEGORY		**POINTS**
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	17
Contribution	*(max. 30 points)*	25
Manuscript Form	*(max. 20 points)*	12
TOTAL POINTS	*(max. 100 points)*	**72**
GRADE	**(1 – 2 – 3 – 4)**	**2**

NAME OF THE REFEREE: Petr Gapko

DATE OF EVALUATION: ***3. 9. 2013***

Referee Signature