

Report on Master Thesis

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

Student:	Bc. Michal Polena
Advisor:	Doc. PhDr. Petr Teplý, Ph.D.
Title of the thesis:	Performance Analysis of Credit Scoring Models on Lending Club Data

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

Peer-to-peer lending has been increasing in last years. However, proper credit risk management in this process remains as a big question mark. As a result, Michal Polena has chosen an important topic for his master thesis based on a huge data set provided by the Lending Club.

The thesis consists of eight main chapters. After short introduction the second chapter deals with theoretical background, while the third one presents a literature review serving as a good basis for Michal's research. In the fourth chapter the author states five key hypotheses. Data description is done in the fifth chapter (the data set covers 227,963 observations for 115 variables in the 2007-2013 period). In the sixth chapter key methodological approaches are discussed. The key seventh chapter presents Michal's empirical results. The last chapter summarizes the work. Michal concludes, among others, that logistic regression and linear discriminant analysis are proper classification algorithms for credit scoring.

The thesis fulfills format requirements and is worked out nicely the estimated models has a high discriminatory power. Michal has undertaken a thorough analysis of 10 best-fit classifiers of credit risk, what makes his work outstanding. I believe that a part of the thesis might be published in a journal with an impact factor. The author has been meeting his advisor on a regular basis, cooperated with him closely and reflected his comments to the final version of the thesis.

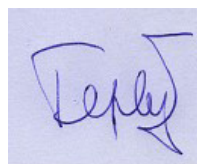
The work submitted by Michal Polena shows that he has developed a solid academic approach. The topic chosen is highly attractive subject which makes his contributions valuable, in particular to credit risk management methods in P2P lending. I consider this master thesis as an excellent piece of academic work and support it to be accepted in this form. All in all, I propose **Grade 1/výborně from this thesis.**

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	30
Contribution (max. 30 points)	30
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	99
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Petr Teplý

DATE OF EVALUATION: 7. 6. 2017



Examiner Signature

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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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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