

# Report on Master Thesis

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

<b>Student:</b>	<b>Enkhjargal Togtokh</b>
<b>Advisor:</b>	<b>PhDr. Petr Teplý, Ph.D.</b>
<b>Title of the thesis:</b>	<b>CREDIT RISK MEASUREMENT: The case study of Mongolian Small and Medium sized firms</b>

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

The pending global crisis has changed the view on world financial markets and related risk management practices. Enkhjargal Togtokh has chosen an interesting topic for his master thesis dealing with credit risk management in Mongolia.

The thesis consists of five main chapters. The first chapter deals with Credit risk management and Basel Accord overview. The second one discusses basis credit risk measurement approaches including structural models based on stock prices, reduced form model and value at risk and credit metrics. The third chapter focuses on credit risk management in Mongolian the banking sector. In the key fourth chapter of the thesis the author conducts own research on 32 Mongolian companies through standard methods: the Altman Z-score Model and a logistic regression model. The last fifth chapter concludes the work.

The thesis fulfills format requirements and is worked out nicely (broad comparison with existing literature, well-describe methodology) and the estimated models has a high discriminatory power. I will appreciate to answer the following questions during Enkhjargal's defense:

- 1) What are main flaws of the applied the Altman Z-score Model in Mongolia?
- 2) How does the author evaluate an impact of the recent Basel III proposal on Mongolian banks?

Overall, the thesis by Enkhjargal Togtokh shows that he has developed a solid academic approach, namely to review the existing literature and to identify and investigate open questions and to draw relevant conclusions from that. The topic chosen is highly attractive subject which makes his contributions valuable, in particular to the financial industry in Mongolia. I consider this master thesis as a good piece of academic work and support it to be accepted. All in all, I propose **Grade A from this thesis**.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	17
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	27
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>90</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE: Petr Teplý**

**DATE OF EVALUATION: 21. 1. 2012**

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**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.*

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	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě