

# Report on Diploma Thesis

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

Student:	Bc. Kryštof Wolf
Advisor:	PhDr. Jakub Seidler, Ph.D.
Title of the thesis:	What Are the Main Determinants of Banks' Ratings Across CEE Countries?

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

The thesis identifies the main determinants of long-term ratings of CEE banks assigned to them by rating agencies. The thesis uses the data from 180 banks in Central and Eastern European region in the period 2010-2012 to estimate the most important qualitative and quantitative factors of bank's rating and whether macroeconomic environment has also its role. The results indicate that the most important drivers of rating were the individual bank's characteristics.

The thesis is competently written, it has a logical structure and neat form. Standard theory is appropriately described and explained with references to the relevant literature. Also empirical background is strong as the thesis employs Multiple Discriminant Analysis (MDA), Ordered Logit Model (OLM) and Factor Analysis. The results are compared to the previous studies and possible differences are explained.

All relevant comments given by the supervisor were incorporated into the text during the process of writing. Possible defense questions could be concerned with:

- What might be a reason that macroeconomic environment was not found as a relevant determinant of bank's rating?
- What is the main advantage of MDA compared with OLM method?

I recommend accepting the thesis for the defense with the evaluation **excellent**.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	27
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>92</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** PhDr. Jakub Seidler, Ph.D.

**DATE OF EVALUATION:** June 7, 2015



**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