

Opponent's review of the Diploma thesis

Title: *Determination of Credit Risk for Debt Assets Portfolio*

Author: *Bc. Yuan Tian*

Opponent: *Ing. Aleš Melecký, Ph. D.*

The diploma thesis presented by Yuan Tian deals with up-to-date issue of credit risk determination. The author focus on determination and comparison of the value of regulatory capital requirements under different methods. Overall the thesis is quite well written and most of the text is easy to read and understand.

The weakest part of the thesis is the work with references. In text references are not written according to the norm and faculty rules in many cases and I think there are definitely some references (sources) missing in the thesis so it is impossible to check some of the statements.

The thesis contains detail description of financial risk, including credit risk, market risk, liquidity risk, operational risk and others, accompanied with large number of respective equations.

Also credit risk management and model are properly described. I appreciate illustrative examples which are provided in the diploma thesis. Also sub-chapter devoted to regulation of capital requirement provides a clear overview of a given area.

The empirical part is clear and well organized. I have the only one comment that there is no explanation how the assets in the portfolio were selected (where there any criteria for assets selection or it was simply random?). The explanation of the figure 4.3. is not clear enough.

Overall, the student has proved ability to self-study new area and use empirical methods for the analysis of the problem.

I recommend presented master thesis for defense.

Questions for defense:

Could you explain in detail figure 4.3 and also the difference between soft and hard limit in figure 4.6?

Do you think that adoption of Basel III regulation helped to reduce financial risk in comparison with previous situation (Basel II)? What do you think about Basel IV regulation?

In Ostrava, May 13, 2016



Ing. Aleš Melecký, Ph. D.