

Reviewer's diploma thesis assessment

Student: Xinran Wang

Title: Determination of Credit Risk for Debt Assets Portfolio

Reviewer: Ing. Martina Novotná, Ph.D.

The thesis is focused on the area of credit risk management and the special attention is paid to the quantification of credit risk related to Basel Capital Accords. The choice of the topic is relevant and appropriate for a diploma work. The main objective is to determine the capital requirements for unexpected losses from credit risk of a bond portfolio under Basel agreements and CreditMetric™ model. The aim is clearly defined in the introductory part and the contents and findings are consistent with the thesis assignment.

The structure of this work reflects the thesis assignment. All chapters are logically ordered according to the main objective. However, the range of chapters is rather uneven. The largest chapter of this work is chapter three, where the student describes models of credit risk management, principles of Credit Metrics™ model and regulation of capital requirements under Basel Accords. The main contribution of this work can be found in chapter four, where the student applies various models and calculates capital requirements on the portfolio of corporate bonds, including companies from financial sector. The portfolio consists of ten bonds with different ratings, ranging from AA to BBB-, traded on Frankfurt Stock Exchange. The partial findings are summarized at the end of the chapter and the overall results and recommendations are compiled in the conclusion of the thesis.

The student demonstrated the ability to solve a given problem and provide an original work. For the elaboration of the thesis, she had to study the chosen topic thoroughly and gain sufficient knowledge for practical application. The student demonstrated her ability to work with literature, the sources are quoted in the text. Tables, figures and equations are appropriately included and adequately commented. Nevertheless, the quality of this work is reduced by grammatical, typing and formal errors, for example references to incorrect tables (p. 35, p. 59).

Despite the mentioned shortcomings, the work satisfies requirements for the elaboration and provides author's original results. For the reasons above, I **recommend** the thesis for an oral defence.

Ostrava, May 17, 2018



Ing. Martina Novotná, Ph. D.